Stock Code: 4739

Coremax Corporation

2022

Annual Report

Prepared by Coremax Corporation
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Website of the Company: http://www.coremaxcorp.com

I. Names, positions, contact numbers, and e-mail addresses of spokesperson and acting spokesperson

Item	Spokesperson	Deputy Spokesperson
Name:	Lu,Poju	Huang, Sheng-Wen
Position:	Director of Finance Department	Manager of Market Strategy Department
Telephone No.:	(03) 598-3101	(03) 598-3101
Email:	lupo.lu@coremaxcorp.com	james.huang@coremaxcorp.com

II. Addresses and Telephone Numbers of Headquarters, Subsidiary and Factory Plant

Unit	Address	TEL
Headquarter	No.11, Wenhua Road, Hsinchu Industrial Park, Hsinchu County	(03)598-3101
Plant	No.11, Wenhua Road, Hsinchu Industrial Park, Hsinchu County	(03)598-3101
Plant	No.440, Zhonghua Road, Toufen City, Miaoli County 351029	(037)631-018

III. Name, Address, Website and Telephone Number of Stock Transfer Agent & Registrar

Name: Stock Affair Agency Department, Grand Fortune Securities Co., Ltd.
Address: 6F, No. 6, Zhongxiao W. Rd., Sec. 1, Zhongzheng District, Taipei City 10041
Telephone No.:(02)2383-6888
Website: http://www.gfortune.com.tw

IV. Name of the CPAs who duly audited the annual financial report for the most recent fiscal year, and the name, address and telephone number of said person's accounting firm.

Name of Attesting CPAs: Yu, Chi-Lung, Chen,Pei-Chi
Name of Accounting Firm: KPMG Taiwan
Address: 68F, No. 7, Xinyi Rd., Sec. 5, Taipei City
Telephone No.:(02)8101-6666
Website: http://www.kpmg.com.tw

V. Name of any exchanges where the company's securities are traded offshore, and the method by which to access information on said offshore securities: not applicable

VI Company website: http://www.coremaxcorp.com

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One. Letter to Shareholders

Dear Shareholders,

As the impact of the global pandemic cools down this year and business activities resume, Coremax Group has delivered outstanding business results with strong shipments. The efforts of our employees resulted in stable growth in production and sales volume, and better profits compared to the previous year.

As borders open and demand gradually recovers, consumption momentum is expected to continue its rise in 2023. However, the world's economic environment still faces uncertain factors such as war and inflation. Central banks worldwide have entered a rate hike cycle, and the materials market faces drastic changes. It is obvious that supply chains are facing inventory loading challenges.

Looking to the future, the Company is stabilizing the existing product lines, continuing to pursue new business opportunities, and expanding its scale of operations to provide customers with good service and product quality. Production capacity will be flexibly adjusted according to market demand to boost efficiency. Supplemented by a sound management system, the Company will lay a good foundation for the future development of the Group to reserve growth momentum.

Coremax Corporation leads the business strategy and planning for the entire Coremax Group. The main companies within the Group include Heng I Chemical Company Ltd., Uranus Chemicals Co., Ltd, and subsidiaries in China and Thailand. Each company adheres to the division of labor by profession in its production operations, cultivates its respective markets, strengthens its core competencies, and actively expands its markets.

In its early days, Coremax Corporation invested in producing oxidation catalysts. It built a catalyst recovery production process system to provide customers with catalyst regeneration services to reduce customer costs and realize sustainable cycles. In 1999, Coremax Corporation entered into battery materials and produced the materials required for lithium batteries. In 2010, the Company established a production line to produce nickel sulfate, mainly used for ternary cathode materials of electric vehicles. In response to the rapid growth of electric vehicles in recent years, the Company continued to expand its production lines for power battery materials.

Established in 1961, Heng I Chemical was a private enterprise that produced chemical fertilizers in the early days and participated in Taiwan's agricultural development, upgrade, and transformation. Heng I Chemical has collaborated with Japanese companies in recent years to produce and supply electronic-grade sulfuric acid for semiconductors. It is a chemical supplier that has become crucial to Taiwan's semiconductor industry.

Uranus Chemicals was founded in 1975. In the early days, it mainly produced oxalic acid products and has retained key extraction technologies. Uranus Chemicals has been engaged in extracting raw materials, cobalt, related to power batteries and producing cobalt-related products since 2018. It established a new cobalt extraction plant and a production line in Toufen, Miaoli and Hukou, Hsinchu in 2022, respectively. Uranus Chemicals is responsible for the Group's production and sales of professional cobalt-based power battery products and provides the Group's customers with excellent and competitive products with advanced process equipment and flexible pairing of various material characteristics.

Coremax Group has announced the five core values and 25 key behavior indicators while conducting the Core Value Key Behavior Index Evaluation Form. It seeks that all Group employees observe the same philosophy, demonstrate the expected behaviors in their daily work attitudes and working methods to form loyalty among employees, work towards a common goal, and finally form a corporate culture. All employees will strive to contribute to their positions for greater shareholder benefits. Coremax Group will contribute to social responsibility and the development of a sustainable environment and business operations.

I. Achievements of each plan of operation or business

The company's operating results for 2022 have been audited by KPMG accountants, Chi-Lung Yu and Pei-Chi Chen. The audited operating results are follows:

Unit: NT$ (thousand)

Year / Item	2021	2022
Operating revenue	$ 7,338,783	$ 9,081,621
Operating margin	943,365	1,024,526
Operating income	584,373	582,835
Net profit before tax	605,596	733,696
Profit after tax	448,420	530,100
EPS after tax (NT$)	4.67	4.72

II. Budget Execution

Unit: NT$ (thousand)

Year / Item	2022		
	Actual figure	Budget figure	Achievement rate
Operating revenue	$ 9,081,621	$ 9,841,665	92%
Operating cost	(8,057,095)	(8,779,943)	92%
Operating margin	1,024,526	1,061,722	96%
Operating expenses	(441,691)	(328,329)	135%
Operating income	582,835	733,393	79%

III. Financial Income, Costs and Profitability Analysis

(I) Financial Income

The cash inflow from operating activities can be mainly attributed to this year's increased profits and well-controlled inventory. The Company's turnover and inventory were stable. The increase in cash outflow from investment activities compared with the previous period was chiefly due to plant construction and equipment purchases. The cash inflow from financing activities was mainly due to capital increase and increase in borrowings.

Unit: NT$ (thousand)

Year / Item	2021	2022
Net profit before tax of the period	605,596	733,696
Net cash (out) inflow from operating activities	(632,920)	1,565,970
Net cash (out) inflow from investing activities	(545,381)	(524,079)
Net cash (out) inflow from financing activities	2,378,006	130,612
Cash and cash equivalents increase (decrease)	1,178,270	1,189,542
Balance of cash and cash equivalents at the beginning of the period	703,928	1,882,198
Balance of cash and cash balance at the end of the period	1,882,198	3,071,740

(II) Profitability Analysis

Unit: NT$ (thousand)

Year / Item	2021	2022
ROA (%)	5.37	5.30
ROE (%)	9.50	9.32
Ratio of operating income to paid-up capital (%)	54.60	54.46
Ratio of net income before tax to paid-in capital (%)	56.58	68.55
Net profit margin (%)	6.11	5.84
EPS after tax (NT$)	4.67	4.72

IV. Research and Development

In FY2022, the Company invested NT$20,558 thousand in research and development to continue to optimize the production process and improve quality, enhance the production efficiency of each product, develop new products, strengthen the recycling technology of raw materials, and strengthen the Company's competitive advantages. The planning focuses for the current R&D direction:

(I) Short-term plan:

1. Improve the quality of existing products to meet customers' needs.
2. Improve the Company's current manufacturing process to produce products with different physical specifications.
3. Improve the processing efficiency of the waste recovery business to realize a circular economy.
4. Improve the quality of the fertilizer product lines.

(II) Medium and long-term plan:

1. The development of hydroxide compounds with different ratios of nickel, cobalt and manganese in line with market development needs.
2. Diversify nickel and cobalt metal material recovery technology and develop new processes to improve recovery yield, efficiency, and quality.

V. Expected Sales Volume and Basis

In 2023, with the cooperation of R&D, manufacturing, and management, the Company's products will be more diversified and in line with markets. The sales department will continue to actively develop domestic and foreign markets to increase market share and maintain the Company’s leading position and competitiveness after expanding overseas capacity.

Chairman: Ho, Chi-Cheng　　President: Ho, Eugene Lawrence　　Supervisor of Accounting Division: Lu, Poju

Two. Company Overview

I. Date of Establishment

The Company was established on June 16, 1992.

II. Company History

(I) Key milestones of the Company

Year	Month	Key milestone
1961	May	Heng I Chemical was established in Taipei with a capital of NT$100 thousand.
1975	July	Uranus Chemicals was established with a capital of NT$3,000 thousand.
1976		The Uranus Chemicals Chunghwa Plant was established. The first oxalic acid plant was completed with proprietary technologies developed in house.
1984	April	Uranus Chemicals invested in establishing Hsinhai Rare Earth Industry Co., Ltd. in Hsinchu Industrial Park to produce rare earth metal compounds. The second oxalic acid plant was established in Taichung Industrial Park. The capital increase by cash for NT$27,000 thousand was conducted, and the paid-in capital increased to NT$30,000 thousand.
1990	November	Uranus Chemicals established a zirconia crystal (cubic zirconia refinement) plant to extend the rare earth oxide product line. The capital increase by cash for NT$160,000 thousand was conducted, and the paid-in capital increased to NT$190,000 thousand.
1992	June	The Company was established with a capital of NT$5,000 thousand.
	September	The Company completed the construction of the plant and conducted a capital increase by cash for NT$20,000 thousand. The paid-in capital increased to NT$25,000 thousand.
	October	Article 1 Operations of the oxidation catalysts production line began.
1992		Uranus Chemicals and Swiss Coremax partnered to establish the Uranus Coremax Material Technology Co., Ltd, to produce cobalt acetate catalysts.
1993	January	SMC AG (a Swiss company) invested in the Company. The capital increase by cash for NT$25,000 thousand was conducted, and the paid-in capital increased to NT$50,000 thousand.
		Uranus Chemicals established a production plant to develop tin compounds (stannous chloride).

Year	Month	Key milestone
1994	December	The Company completed the construction of the first waste catalyst recovery production line to provide customers with waste catalyst regeneration services.
1995	February	The Company conducted a capital increase by cash for NT$30,000 thousand. The paid-in capital increased to NT$80,000 thousand.
1996		Heng I Chemical established a zirconium silicate plant.
	September	The Company changed its name to CoreMax Taiwan Corporation.
	October	The Company was awarded ISO 9002 certification.
1997	March	The Company completed the construction of the second waste catalyst recovery production line.
1998	January	The Company obtained a waste catalyst recovery permit from the Environmental Protection Administration, Executive Yuan.
1999	July	The Company added advanced materials and battery materials production lines.
2000		Heng I Chemical established an automated compound fertilizer packaging plant.
	July	The Company signed a contract with the Industrial Materials Research Department of the Industrial Technology Research Institute to develop high-performance lithium-ion battery cathode materials.
	December	The Industrial Development Bureau, MOEA, subsidized the Company under the Leading Product Development Program to implement the High-Performance Lithium-Ion Battery Cathode Materials Development Project.
		The Company's Taiwanese shareholders bought all the shares held by SMC AG and changed the Company name to CoreMax Corporation.
		The Company conducted a capital increase by cash for NT$30,000 thousand. The paid-in capital increased to NT$110,000 thousand.
2001	April	The Company established CoreMax Malaysia Sdn. Bhd. in Kuantan, Malaysia, as the first overseas oxidation catalysts production line.
	October	The Company conducted a capital increase by cash for NT$16,800 thousand a capital increase by transferring surplus for NT$13,200 thousand. The paid-in capital increased to NT$140,000 thousand.
	November	The Company established CoreMax Zhuhai Chemical Co., Ltd. in Zhuhai, Guangdong Province, China, as the second overseas

Year	Month	Key milestone
		oxidation catalysts production line.
2002	March	The plant in Kuantan, Malaysia, began mass production and deliveries.
	October	The plant in Zhuhai, China, began mass production and deliveries.
2003	May	The Company conducted a capital increase by transferring surplus for NT$28,000 thousand. The paid-in capital increased to NT$168,000 thousand.
	October	The Company added a battery materials production line.
2004	June	The Company conducted a capital increase by transferring surplus for NT$50,400 thousand. The paid-in capital increased to NT$218,400 thousand.
	September	The Company established Coremax Ningbo Chemical Co., Ltd. in Ningbo City, Zhejiang Province, China, as the third overseas oxidation catalysts production line.
	December	The Company conducted a capital increase by cash for NT$50,000 thousand. The paid-in capital increased to NT$268,400 thousand.
2005	July	The Company conducted a capital increase by transferring surplus and employee bonuses for NT$56,180 thousand. The paid-in capital increased to NT$324,580 thousand.
2007	July	The Company conducted a capital increase by transferring surplus for NT$16,229 thousand. The paid-in capital increased to NT$340,809 thousand.
2007	October	Uranus Chemicals conducted a capital increase by cash for NT$38,000 thousand. The paid-in-capital increased to NT$228,000 thousand.
2008	July	The Company conducted a capital increase by transferring surplus and employee bonuses for NT$25,857 thousand. The paid-in capital increased to NT$366,666 thousand.
2009	March	The Company established Coremax (Thailand) Co., Ltd. in Thailand as the fourth overseas oxidation catalysts production line.
	August	The Company was awarded ISO 14001 certification.
	August	The Company conducted a capital increase by transferring surplus for NT$18,333 thousand. The paid-in capital increased to NT$384,999 thousand.
	November	The Company’s Taiwan plant added a power battery production line.
2010	March	The Company's fourth overseas oxidation catalysts production line, the Thailand plant, began mass production.

Year	Month	Key milestone
	April	The Company conducted a capital increase by cash for NT$30,000 thousand. The paid-in capital increased to NT$414,999 thousand.
	June	The Company's Toufen plant added a battery materials production line.
	October	The Company's Toufen plant's battery materials production line began mass production.
	November	The Company was registered on the Emerging Stock Market.
2011	July	The Company conducted a capital increase by cash via private placement for NT$30,000 thousand to introduce the strategic investor, ITOCHU Corporation. The paid-in capital increased to NT$444,999 thousand.
		The Company established Coremax (Zhangzhou) Chemical Co., Ltd. in Gulei Peninsula, Zhangzhou City, Fujian Province, as the fifth overseas oxidation catalysts production line.
	December	The Company's shares began trading on TPEx (OTC). The Company conducted a capital increase by cash for NT$41,300 thousand. The paid-in capital increased to NT$486,299 thousand.
2012	August	The Company issued the first five-year domestic secured zero-coupon convertible bonds for NT$400,000 thousand. The par value of each bond was NT$100 thousand. The purpose was to reinvest in subsidiaries and repay loans.
		Uranus Chemicals conducted a capital increase by transferring surplus for NT$22,800 thousand. The paid-in-capital increased to NT$250,800 thousand.
	September	The paid-in capital of the Company's subsidiary, Heng I Chemical, increased to NT$275,000 thousand.
2013	March	The Company's subsidiary, Heng I Chemical, established the eighth sulfuric acid plant.
	October	The Company conducted a capital increase by transferring additional paid-in capital for NT$24,315thousand. The paid-in capital increased to NT$510,614 thousand.
2014	May	The Company conducted a capital increase by converting bonds to share capital for NT$3,557 thousand. The paid-in capital increased to NT$514,171 thousand.
	August	The Company conducted a capital increase by converting bonds to share capital for NT$412 thousand. The paid-in capital increased to NT$514,583 thousand.
	October	The Company's subsidiary, Heng I Chemical, conducted a capital increase by cash for NT$25,000 thousand. The paid-in

Year	Month	Key milestone
		capital increased to NT$300,000 thousand.
	December	The Company conducted a capital increase by converting bonds to share capital for NT$69,634 thousand. The paid-in capital increased to NT$584,217 thousand.
	April	The Company conducted a capital increase by converting bonds to share capital for NT$32,146 thousand. The paid-in capital increased to NT$616,363 thousand.
	May	The Company conducted a capital increase by converting bonds to share capital for NT$68,010 thousand. The paid-in capital increased to NT$684,373 thousand.
	June	The Company issued the second five-year domestic secured zero-coupon convertible bonds for NT$600,000 thousand. The par value of each bond was NT$100 thousand. The purpose was to reinvest in subsidiaries and repay loans.
	August	The Company conducted a capital increase by converting bonds to share capital for NT$18,273 thousand. The paid-in capital increased to NT$702,646 thousand.
	October	The Company's subsidiary, Heng I Chemical, conducted a capital increase by cash for NT$98,000 thousand. The paid-in capital increased to NT$398,000 thousand.
2016	February	The Company conducted a capital increase by converting bonds to share capital for NT$36,998 thousand. The paid-in capital increased to NT$739,644 thousand.
	May	The Company conducted a capital increase by converting bonds to share capital for NT$6,809 thousand. The paid-in capital increased to NT$746,453 thousand.
	September	The Company conducted a capital increase by converting bonds to share capital for NT$10,691 thousand. The paid-in capital increased to NT$757,144 thousand.
	November	The Company conducted a capital increase by converting bonds to share capital for NT$110 thousand. The paid-in capital increased to NT$757,254 thousand.
	December	The Company planned to add a third battery materials production line to its Taiwan Toufen plant.
2017	August	The Company conducted a capital increase by converting bonds to share capital for NT$723 thousand. The paid-in capital increased to NT$757,977 thousand.
	June	The Company applied to be listed on the Taiwan Stock Exchange.
	August	The Company's application to be listed on the Taiwan Stock Exchange was approved by its Board of Directors. The

Year	Month	Key milestone
		Company was listed in September.
	September	The Company's subsidiary, Uranus Chemicals, conducted a capital increase by cash for NT$49,200 thousand. The paid-in capital increased to NT$300,000 thousand.
	October	The Company's newly established third battery materials production line began mass production.
	November	The Company conducted a capital increase by converting bonds to share capital for NT$103,257 thousand. The paid-in capital increased to NT$861,234 thousand.
2018	April	The Company's subsidiary, Uranus Chemicals, conducted a capital increase by cash for NT$100,000 thousand. The paid-in capital increased to NT$400,000 thousand.
	April	The Company conducted a capital increase by converting bonds to share capital for NT$3,503 thousand. The paid-in capital increased to NT$864,737 thousand.
	May	The Company's subsidiary, Uranus Chemicals, bought land and buildings in Hsinchu Industrial Park to expand its operations. The area of the land and buildings is 3,880 pings and 3,900 pings, respectively. The transaction amount is NT$558,000 thousand.
	May	The Company conducted a capital increase by converting bonds to share capital for NT$1,525 thousand. The paid-in capital increased to NT$866,262 thousand.
	August	The Company conducted a capital increase by converting bonds to share capital for NT$1,205 thousand. The paid-in capital increased to NT$867,467 thousand.
	November	The Company conducted a capital increase by converting bonds to share capital for NT$985 thousand. The paid-in capital increased to NT$868,452 thousand.
	December	The Company conducted a capital increase by cash for NT$60,000 thousand. The paid-in capital increased to NT$928,452 thousand.
2019	April	The Company's subsidiary, Uranus Chemicals, conducted a capital increase by cash for NT$100,000 thousand. The paid-in capital increased to NT$500,000 thousand.
	April	The Company conducted a capital increase by converting bonds to share capital for NT$965 thousand. The paid-in capital increased to NT$929,417 thousand.
	May	The Company conducted a capital increase by converting bonds to share capital for NT$876 thousand. The paid-in capital increased to NT$930,293 thousand.

Year	Month	Key milestone
2020	September	The Company's subsidiary, Uranus Chemicals, conducted a capital increase by transferring additional paid-in capital for NT$20,000 thousand. The paid-in capital increased to NT$520,000 thousand.
2021	January	The Company conducted a capital increase by cash for NT$10,000 thousand. The paid-in capital increased to NT$1,030,293 thousand.
	February	The Company's subsidiary, Heng I Chemical, conducted a capital increase by cash for NT$100,000 thousand. The paid-in capital increased to NT$498,000 thousand.
	June	The Company's subsidiary, Uranus Chemicals, conducted a capital increase by cash for NT$40,000 thousand. The paid-in capital increased to NT$560,000 thousand.
	November	The Company conducted a capital increase by cash for NT$40,000 thousand. The paid-in capital increased to NT$1,070,293 thousand.
2022	September	The Company's subsidiary, Uranus Chemicals, conducted a capital increase by cash for NT$62,500 thousand. The paid-in capital increased to NT$622,500 thousand.

(II) Concerning the most recent fiscal year as well as the current fiscal year up to the date of publication of the annual report, information on the following: merger and acquisition activities; reinvestments in affiliated enterprises; corporate reorganization; instances in which a major quantity of shares belonging to directors, supervisors, or shareholders holding more than a 10 percent stake in the Company is transferred or otherwise changes hands; any change in managerial control; any material change in operating methods or type of business; and any other matters of material significance that could affect shareholders' equity and how the matters will impact the Company: N/A.

Three. Report on Corporate Governance

I. Organizational system

(I) Organizational Chart

Date: April 30, 2023

CoreMax
Core Service, Max Value

Coremax Corporation - Organizational Chart

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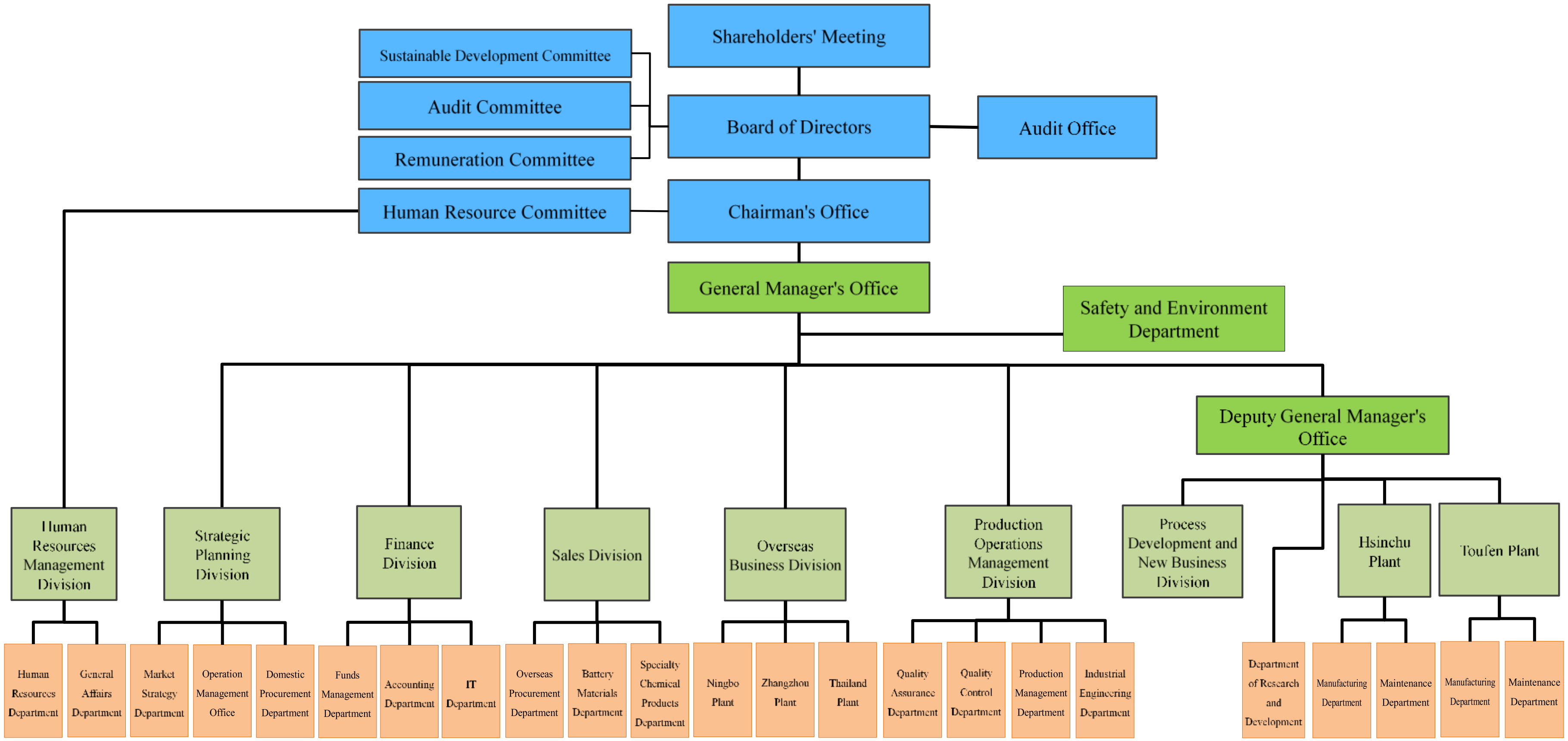


(II) Business and Responsibilities of Each Department

Unit	Business operated
Operation Management Office	1. Group operations planning 2. Product (project) benefits evaluation 3. Manage P&L and forecasts (rolling P&L)
Sales Division	1. Assist in the collection of market intelligence and provide dynamic sales information. 2. Preparation of business plans, business forecast evaluation, and analysis. 3. Domestic and international business development and execution (sales budget execution). 4. Strengthen and deepen customer relationship (customer relationship maintenance and development). 5. Review and approve customer contracts and orders. 6. Trading of raw materials. 7. Coordinate marketing, product marketing and product pricing strategy. 8. Receive customer complaints and seek assistance from other departments to solve product problems. 9. Reply and solve customer technical problems. 10. Maintain internal ISO/IATF requirements (sales activities). 11. Organize and maintain domestic and foreign import and export customs information. 12. Maintain other statistical information. 13. Responsible for managing and evaluating external information subscription services.
Battery Materials Department	The main business activities are the materials for the three elements of cathode materials.
Specialty Chemical Products Department	The main business activities are the oxidation catalysts industry, traditional industries, adjuvants, and additives.
Strategic Planning Division	Plan and manage businesses related to market strategies and group operations.
Market Strategy Department	1. New product introduction and planning. 2. Responsible for pre-project introduction and negotiation planning. 3. Planning and management of company-level projects and blueprints. 4. Industry information collection and analysis. 5. Automotive customer service.

Unit	Business operated
	6. Receive automotive customer complaints and seek assistance from other departments to solve product problems. 7. Responsible for company marketing and projects. 8. Maintain and update the company website. 9. Maintain internal ISO/IATF requirements (new product development). 10. Responsible for managing the company's participation in industry organizations.
Manufacturing Department	1. Plan and execute production plans and manage production progress. 2. Control and improve production quality, find ways to improve quality defects. 3. Formulate and implement production indicators, reduce production costs, and improve and maintain capacity, production efficiency, and process reliability. 4. Formulate and revise production line standard operating procedures (SOP) to ensure smooth production processes. 5. Monitor production statuses, analyze and address abnormal production situations, and reduce the probability of abnormal occurrences. 6. Maintain and repair machines and equipment to maintain optimal capacity and production efficiency. 7. Improve, design, and implement process planning, production scheduling, production line rationalization, and automation. 8. Comply with the industrial safety and environmental protection regulations of the government and Company to ensure the safety of people and production operations. 9. Clean and maintain the work environment; promote and realize 6S activities.
Maintenance Department	1. Responsible for the overall effectiveness of the production equipment management system, including equipment design, construction, acceptance, operation, maintenance, inspection, and repair. 2. Regularly perform preventive maintenance on key process equipment. 3. Help each plant establish repair and maintenance systems and SOPs for key process equipment; require relevant personnel and contractors to perform work according to the regulations. 4. Create and keep important maintenance records and related documents for future reference and application. 5. Plan and implement routine maintenance plans; eliminate process equipment failures.

Unit	Business operated
	6. Help train Manufacturing Department personnel in equipment usage, repair, and maintenance. 7. Formulate and implement each plant system's operations, repair, and maintenance plans. 8. Evaluate, plan, supervise, and implement engineering projects of the plants. 9. Develop, implement, and review the annual budget of the unit.
Process Development and New Business Division	1. Develop solutions for production stability and capacity increase. 2. Evaluation of automation and suggestions for improvement. 3. Design to reduce manufacturing costs and increase production efficiency. 4. Evaluate and plan the planning, design, cost, quality and construction schedule of new plants. 5. Improvement of existing plant equipment and processes. 6. Experimental design and testing of manufacturing processes. 7. Manufacturing process improvement. 8. Assist in the establishment of standard manufacturing process TQM. 9. Assist in commissioning and equipment trial production. 10. Transition jar tests of new types and new processes to chemical plants. 11. Assist in the commissioning of new plants. 12. Improvement projects for energy saving, carbon reduction and waste reduction in factories and processes. 13. Technical training and assistance for engineers. 14. Assist in the proofreading of technical documents, HAZOP risk assessment and industrial safety and environmental protection documents. 15. Develop, implement, control and review the annual budget of the unit.
Department of Research and Development	1. Research, develop, evaluate, and make products and new technologies. 2. Research, develop, and assess the feasibility of introducing materials. 3. Develop, design, implement, and manage R&D goals, new products, and new technologies. 4. Collaborate with domestic and foreign research institutions, upstream and downstream companies, or equipment companies to improve existing products or develop new products and applications. 5. Design manufacturing processes for products and develop

Unit	Business operated
	production technologies. 6. Formulate design and manufacturing specifications; propose relevant parameter specifications and standard manufacturing processes for new products. 7. Plan and implement tests for the introduction of new technologies. 8. Study, analyze, and evaluate the feasibility of new products and new processes.
Finance Division	1. Planning and management related to finance, accounting, and stock affairs departments. 2. IT related planning and management. 3. Plan and manage legal activities.
Funds Management Department	1. Manage funds and plan and allocate financing. 2. Fund utilization planning and foreign exchange hedging. 3. Short-term financial management and long-term investment operations. 4. Oversee matters related to stock affairs. 5. Insurance coordination and credit management.
Accounting Department	1. Record accounting transactions, keep accounting documents and books in custody, prepare and implement reporting procedures. 2. Compile and analyze financial statements and budgets for decision-making units to manage and formulate policies. 3. Plan and implement tax planning and investment tax credit matters. 4. Manage and analyze budgets. 5. Calculate and analyze product costs. 6. Take inventory of assets and stock. 7. Establish, evaluate, and realize the accounting system. 8. Cooperate with CPAs for external audits. 9. Organize Board and functional committee meetings.
IT Department	1. Plan, build, develop, and manage the Company's IT systems and equipment. 2. Cybersecurity planning and management.
Human Resources Management Division	1. General administration related planning and management. 2. Human resources related planning and management.
Human Resources Department	1. Discussion, revision, and integration of the Company's organizational system and responsibilities of each unit. 2. Plan and implement labor budgets and labor inventories. 3. Develop human resources, manage recruiting and hiring,

Unit	Business operated
	establish rules and systems, and manage personnel information. 4. Develop and implement training plans; create training for core skills of specialists and the development of core functions for employees. 5. Formulate remuneration plans, calculate and distribute employee remuneration and bonuses, and handle income tax matters. 6. Plan employee performance assessments and career development plans. 7. Plan and implement employee relations and employee welfare matters.
General Affairs Department	1. Environmental and health management. 2. Manage clerical work (including receiving, distributing, posting, sorting, tracking, and archiving official documents), office equipment, stationary, daily supplies, office equipment, form printing, and newspapers. 3. Company access control management, safety management, and management of the Company's keys. 4. Administrative affairs and external administrative communication. 5. Manage receptionists and telephones. 6. Manage food services for employees. 7. Formulate and implement administrative rules and regulations. 8. Asset management and risk control.
Production Management Department	Coordinate and manage production management matters of the Hsinchu Plant and Toufen Plant: 1. Responsible for short-, medium-, and long-term production planning, capacity planning, and production scheduling and control. 2. Coordinate between production and sales and follow up on production. 3. Inventory management; responsible for planning and managing raw material and finished product inventories. 4. Responsible for procuring, shipping, receiving, distributing, and posting raw materials. 5. Coordinate and resolve production abnormalities of each department and logistics system abnormalities.
Production Operations Management Division	Inventory control of raw materials Production scheduling Optimal human resources allocation and manufacturing diagnostics; improve productivity Assess and improve cost effectiveness and analyze efficiency

Unit	Business operated
	Quality requirements and inspection certifications Create quality management audits systems Manage plant safety Environmental safety and health requirements and monitoring
Quality Assurance Department	1. Quality assurance related planning and management: 1-1 Formulate, plan, supervise, and promote quality policies and management matters and guide related departments in the implementation, ensure the implementation of quality systems, and audit and improve quality operations. 1-2 Provide quality-related recommendations, help departments execute quality assurance work, and implement quality-enhancement activities and training to provide customers with satisfactory products and services. 1-3 Establish quality management systems and inspection procedures that meet quality requirements. 1-4 Handle customer complaints, convene review and countermeasure teams, conduct failure analysis and root cause investigations, participate in the formulation of preventive measures, and track the implementation and performance of corrective actions to ensure that customers receive replies and results within their specified deadline. 1-5 Coordinate and handle quality-related problems that occur with customers, suppliers, contractors, or internally. 1-6 Plan and implement the annual measurement equipment calibration project and calibrate and maintain the internal and external measurement equipment according to the plan. 1-7 Establish and maintain quality, environment, and occupational safety and health management systems and management activities. 1-8 Lead the introduction of new quality management systems - obtain certifications. 1-9 Plan and implement quality training courses for new employees and evaluate their performance. 1-10 Quality, environment, occupational safety and health, and internal/external RMI RMAP audit planning and implementation. 1-11 Lead the cooperation and correspondence of customer and supplier audits. 1-12 Regularly convene and implement various management

Unit	Business operated
	system management reviews, track the implementation and performance of resolutions, and report the results. 1-13 Compile annual RMI RMAP reports, submit the reports to senior management for review, and publish the reports on Company website. 2. Document Management Center management: 2-1 Create internal documents related to ISO systems and manage document changes, distribution, and control. - Ensure that the contents of the documents meet each management process's requirements. - Prevent invalid files from being misused. 2-2 Organize, store, manage, and control external documents related to ISO systems. 2-3 Help customers with verification and regular evaluations. 2-4 Formulate and revise management systems, keep and maintain records related to management regulations, and keep internal audit and management review records. 2-5 Create, maintain, and manage part numbers in the ERP system. 2-6 Create, maintain, and manage files on the OpenKM online document management system. 2-7 Regularly back up and maintain the original electronic files in the document management system.
Quality Control Department	1. Create guides and forms for incoming quality control (IQC), in-process quality control (IPQC), final quality control (FQC), and outgoing quality control (OQC) processes and conduct the inspections of each stage. 2. Hsinchu and Toufen laboratory equipment planning and acceptance and laboratory equipment maintenance. 3. Formulate the Company's shipping specifications and standards according to the customers' requirements for each of the Company's products. 4. Plan and implement guides for operating the instruments in the Hsinchu and Toufen laboratories and the analysis technologies. 5. Establish and maintain the ISO/IEC 17025 laboratory quality management system and establish and implement analysis technologies. 6. Implement the calibration management of the laboratory instruments (including the acceptance and judgment of external calibration results and internal audits). 7. Establish standards for the laboratories of Coremax and Uranus Chemicals of the Coremax Group and guide the review and

Unit	Business operated
	analysis of technologies. 8. Submit weekly/monthly statistical analysis reports on the quality status of raw materials and each production line.
Industrial Engineering Department	1. Analyze and improve productivity 2. Analyze and improve costs
Overseas Procurement Department	1. Implement the annual procurement plan. 2. Inquire, compare, and negotiate the pricing of items to procure and formulate and execute procurement procedures. 3. Evaluate and manage suppliers; develop qualified suppliers. 4. Control procurement costs and risks and cut costs. 5. Collect information about main raw material markets and submit analysis reports. 6. Manage, implement, and manage transportation risks of the raw material import business. 7. Contract, coordinate, and manage the shipment of goods. 8. Futures operation and management.
Domestic Procurement Department	1. Implement the annual procurement plan. 2. Inquire, compare, and negotiate the pricing of items to procure and formulate and execute procurement procedures. 3. Evaluate and manage suppliers; develop qualified suppliers. 4. Control procurement costs and risks and cut costs. 5. Collect information about main raw material markets and submit analysis reports. 6. Manage, implement, and manage transportation risks of the raw material import business. 7. Contract, coordinate, and manage the shipment of goods. 8. Futures operation and management.
Audit Office	1. Planning, implementation and amendment of the internal control system. 2. The formulation and implementation of the annual audit plan. 3. Drafting and implementing the self-inspection operation plan of each unit and subsidiary. 4. Other matters to be implemented pursuant to laws and regulations.
Safety and Environment Department	1. Responsible for the planning and management of environmental, safety and health, and the formulation of occupational hazard prevention and control measures to meet the legal requirements of environmental protection and industrial safety and health management. 2. Establish, revise and implement various environmental, safety and health policies, plans, procedures and standards.

Unit	Business operated
	3. Develop, plan, supervise and promote environmental, safety and health management issues, and supervise the implementation of relevant departments. 4. Plan and conduct various industrial safety drills to enhance employees' response capability. 5. Conduct safety inspections and emergency response within the plant. 6. Reporting, auditing, and coordination of environmental, safety, and health operations. 7. Planning and execution of employee education and training on environmental safety and health. 8. Implementation and execution of ISO14001 and ISO45001. 9. Correspondence, communication and coordination with competent authorities. 10. Self-defense and fire-fighting team drills.
Overseas Business Division	1. Manage administrative personnel such as sales, human resources, procurement, accounting personnel of overseas plants and coordinate and implement decisions made by headquarters. 2. Manage and implement quality control matters of overseas plants. 3. Plan, manage, and implement matters related to manufacturing, materials management, repair, engineering projects, and industrial safety and environmental protection in overseas plants.

II. Information on the company's directors, supervisors, general manager, assistant general managers, deputy assistant general managers, and the supervisors of all the company's divisions and branch units

(I) Director

1. Information on Directors

Date: May 2, 2023

Title	Nationality or place of incorporation	Name	Gender Age	Date elected	Term of office	Date of initial election	Shares held at the time of election		Number of shares held now		Shareholdings of spouse and minor child(ren)		Shareholding under other person(s)		Educational and professional experience	Concurrent Position(s) in the Company or other companies	Spouse or Relative within the Second Degree of Kinship Holding Other Managerial, Director or Supervisor Position			Remarks
							Number of Shares	Shareholding %	Number of Shares	Shareholding %	Number of Shares	Shareholding %	Number of Shares	Shareholding Ratio			Title	Name	Relationship	
Chairman	R.O.C.	Ho, Chi-Cheng	Male 61-70 years	2020.06.12	3 years	2004.02.02	828,262	0.89	933,000	0.87	-	-	-	-	Education: Department of History, Soochow University MBA, University of Missouri Experience: Vice President of RTA	Chairman, Coremax Corporation Chairman, Chang Sing Investment Co., Ltd. Chairman, Cheng Jade Enterprise Co., Ltd. Chairman, Heng I Chemical Company Ltd. Director, Cheng De Investment Co., Ltd. Director, Heng Mien Investment Co., Ltd. Chairman, Uranus Chemicals Co., Ltd Chairman, Coremax (BVI) Corp. Chairman, Coremax Ningbo Chemical Co., Ltd. Chairman, Coremax (Thailand) Co., Ltd. Chairman, Coremax (Zhangzhou) Chemical Co., Ltd. Chairman, Jiangxi Tianjiang Material Co., Ltd.	Director	Ho, Eugene Lawrence	1st degree of kinship	Note 1
																	Director	Ho, Chi-Chou	2nd degree of kinship	
Director	R.O.C.	Chang Sing Investment Co., Ltd.	-	2020.06.12	3 years	2011.06.02	13,202,833	14.19	13,691,032	12.79	-	-	-	-	-	-	-	-	-	
	R.O.C.	Representative: Chiu, Hsien Tung (Note 2)	Male 51-60 years	2021.04.01	3 years	2021.04.01	-	-	8,924	0.01	4,293	0.00	-	-	Education: Department of Accounting, Chung Yuan Christian University Experience: Specialist, Cathay Construction Co., Ltd. Auditor, PwC Taiwan	Manager, Management Department, Heng I Chemical Co., Ltd. Director, Heng I Chemical Company Ltd.	None	None	None	

Title	Nationality or place of incorporation	Name	Gender Age	Date elected	Term of office	Date of initial election	Shares held at the time of election		Number of shares held now		Shareholdings of spouse and minor child(ren)		Shareholding under other person(s)		Educational and professional experience	Concurrent Position(s) in the Company or other companies	Spouse or Relative within the Second Degree of Kinship Holding Other Managerial, Director or Supervisor Position			Remarks
							Number of Shares	Shareholding %	Number of Shares	Shareholding %	Number of Shares	Shareholding %	Number of Shares	Shareholding Ratio			Title	Name	Relationship	
Director	R.O.C.	Cheng Jade Enterprise Co., Ltd.	-	2017.05.26	3 years	2011.06.02	12,156,477	13.07	13,233,929	12.36	-	-	-	-	-	-	-	-		
	U.S.A	Representative: Ho, Eugene Lawrence (Note 3)	Male 31-40 years	2020.07.14	3 years	2020.07.14	-	-	237,416	0.22	10,500	0.01	-	-	Education: Bachelor in Economics, University of California, Santa Barbara Experience: Business Specialist, Chemicals Department, ITOCHU Corporation Business Specialist, Chemicals Department, ITOCHU CHEMICAL FRONTIER Corporation Vice President, Uranus Chemicals Co., Ltd	General Manager, Coremax Corporation Director, Heng I Chemical Company Ltd. Director, Cheng De Investment Co., Ltd. Director, Heng Mien Investment Co., Ltd. Director, Uranus Chemicals Co., Ltd	Chairman	Ho, Chi-Cheng	1st degree of kinship	
Director	R.O.C.	Ho, Chi-Chou	Male 51-60 years	2020.06.12	3 years	2018.06.01	550,267	0.59	394,179	0.37	5,005	0.00	-	-	Education: EMBA, National Chiao Tung University Experience: Vice President of Sales, Coremax Corporation Executive Assistant to the President, Shih Her Technologies Inc.	President, ABBA Aluminium Co., Ltd. Director, Cheng Jade Enterprise Co., Ltd. Director, Uranus Chemicals Co., Ltd Director, Heng I Chemical Company Ltd. Supervisor, Chang Sing Investment Co., Ltd.	Chairman	Ho, Chi-Cheng	2nd degree of kinship	
Director	R.O.C.	Cheng, Chih-Fa	Male 61-70 years	2020.06.12	3 years	2008.12.24	-	-	-	-	-	-	-	-	Education: Department of Accounting, National Chung Hsing University Experience: Accountant, Moore Stephens	Accountant, Ching Hsing United Certified Public Accountants Chairman, Yu Hsing Management Consulting Co., Ltd. Director, Golden Point Management Ltd. Director, Yuan Fu Tai Development Ltd. Chairman, Sen Po Ko Investment Co., Ltd. Director, Uranus Chemicals Co., Ltd Independent Director,	None	None	None	

Title	Nationality or place of incorporation	Name	Gender Age	Date elected	Term of office	Date of initial election	Shares held at the time of election		Number of shares held now		Shareholdings of spouse and minor child(ren)		Shareholding under other person(s)		Educational and professional experience	Concurrent Position(s) in the Company or other companies	Spouse or Relative within the Second Degree of Kinship Holding Other Managerial, Director or Supervisor Position			Remarks
							Number of Shares	Shareholding %	Number of Shares	Shareholding %	Number of Shares	Shareholding %	Number of Shares	Shareholding Ratio			Title	Name	Relationship	
																Hong Yi Fiber Ind. Co., Ltd. Independent Director, Shin Zu Shing Co., Ltd. Director, Shih Her Technologies Inc. Director, Ezfly International Travel Agent Co., Ltd. Director, GSD TECHNOLOGIES CO., LTD (Cayman)				
Director	R.O.C.	Lai, Ching-Yuan	Male 61-70 years	2020.06.12	3 years	2018.06.01	20,000	0.02	21,000	0.02	-	-	-	-	Education: Department of Chemical Engineering, National Cheng Kung University Experience: Executive Vice President, Heng I Chemical Company Ltd. Plant Director, Taiwan Prosperity Chemical Corp. Assistant Vice President, China American Petrochemical Co., Ltd.	Director, Heng I Chemical Company Ltd. President, Heng I Chemical Company Ltd.	None	None	None	
Independent director	R.O.C.	Hsu, I-Ping	Male 61-70 years	2020.06.12	3 years	2008.12.24	-	-	-	-	-	-	-	-	Education: Department of Aerospace Engineering, Tamkang University Doctorate Program of Mechanical Engineering, University of Wisconsin, Milwaukee Experience: General Manager, Hsinchu Bus Company, Ltd.	Chairman, Hsinchu Bus Company, Ltd. Chairman, HCT Logistics Director, Digiwell Technology Inc. Chairman, Yi-Meng Co., Ltd.	None	None	None	

Title	Nationality or place of incorporation	Name	Gender Age	Date elected	Term of office	Date of initial election	Shares held at the time of election		Number of shares held now		Shareholdings of spouse and minor child(ren)		Shareholding under other person(s)		Educational and professional experience	Concurrent Position(s) in the Company or other companies	Spouse or Relative within the Second Degree of Kinship Holding Other Managerial, Director or Supervisor Position			Remarks
							Number of Shares	Shareholding %	Number of Shares	Shareholding %	Number of Shares	Shareholding %	Number of Shares	Shareholding Ratio			Title	Name	Relationship	
Independent director	R.O.C.	Wang, Wen-Tsung	Male 51-60 years	2020.06.12	3 years	2008.12.24	-	-	-	-	-	-	-	-	Education: Department of Accounting, Feng Chia University EMBA, Tsinghua University Experience: Partner CPA, Biing-Cherng CPAS Partner CPA, Huei-Ming Accounting Firm	Independent Director, Metaage Corporation Independent Director, CHYI DING TECHNOLOGIES CO., LTD. Supervisor, Emax Tech Co., LTD Supervisor, Chung Hua University. Director, Tian Ai Artistic Hall Co., Ltd	None	None	None	
Independent director	R.O.C.	Chang, Yuan-Lung	Male 61-70 years	2020.06.12	3 years	2017.05.26	-	-	-	-	-	-	-	-	Education: Department of Accounting, Tamkang University Experience: Accountant, Chin Cheng United Certified Public Accountants	Accountant, Chin Cheng United Certified Public Accountants Independent Director, GSD Technologies Co., Ltd. Independent Director, Shin Zu Shing Co., Ltd.	None	None	None	

Note 1.: If the Chairman of the Board of Directors and the General Manager or equivalent (top executive) are the same person, spouses or first degree relatives of each other, the reasons, reasonableness, necessity, and relevant information on measures to be taken should be stated.

The Chairman of the Board of Directors and the General Manager of the Company are first-degree relatives, which enhances operational efficiency and decision execution. The Chairman of the Board of Directors also closely communicates with the Directors on the recent status of the Company's operations and planning guidelines in order to implement corporate governance, and the Company's specific measures are as follows:

(1) The three existing independent Directors possess expertise in financial accounting and respective industry fields, which enables them to effectively perform their supervisory functions.

(2) Each year, we arrange for each director to attend professional director courses from outside organizations, such as the Chinese Corporate Governance Association, to enhance the effectiveness of the Board of Directors' roles and responsibilities.

(3) Independent directors can fully discuss and make recommendations to the Board of Directors for reference in each functional committee to implement corporate governance.

Note 2.: The representative of the institutional director, Huang, Chao-Hui, was replaced by Chiu, Hsien Tung on April 1, 2021.

Note 3.: The representative of the institutional director, Ho, Chi-Chao, was replaced by Ho, Eugene Lawrence on July 14, 2020.

2. Major Shareholders of Institutional Shareholders

Name of Institutional Shareholder	Major Shareholders of Institutional Shareholders
Chang Sing Investment Co., Ltd.	Cheng Jade Enterprise Co., Ltd. (80.17%); Huang, Jin-Yun (4.36%); Huang, Tsan-Hui (2.94%); Dai, Ming-Hsun (2.18%); He, Yi-Hsuan (1.89%); Huang, Chao-Hui (1.45%); He, Jin-Ming (1.45%); Chen, Yi-Ru (1.45%); Liang, Pei-Tsun (0.58%); Liu, Pei-Hao (0.58%).
Cheng Jade Enterprise Co., Ltd.	Heng Mien Investment (19.69%); Cheng De Investment (19.65%); He, Mei-Fang (14.80%); Ho, Chi-Chao (13.32%); Ho, Chi-Chou (13.32%); He Lai, Rui-Jen (8.88%); Ho, Chi-Cheng (2.96%); Chen, Yi-Ru (2.96%); Kuo, Shi-Wei (1.48%); He, Wen-Ding (1.48%); He, Wen-Hsiang (1.48%).

3. Major shareholders of the Company's institutional shareholders whose major shareholders are also institutional shareholders

Name of institutional shareholder	Major Shareholders of the Company's Institutional Shareholders
Heng Mien Investment Co., Ltd.	Cheng De Investment Co., Ltd. (74.18%); Ho, Eugene Lawrence (12.91%), Ho, Yi-Hsuan (12.91%)
Cheng De Investment Co., Ltd.	Ho, Chi-Cheng (59%), Ho, Eugene Lawrence (23.81%), Ho, Yi-Hsuan (17.19%)

4. Professional Qualifications and Independence Analysis of Directors and Supervisors:

Qualifications / Name	Professional qualifications and experience	Independence	Number of other public companies in which the individual is concurrently serving as an independent director
Ho, Chi-Cheng	Business experience in the chemical industry Experiences / Current positions: Chairman, Coremax Corporation Vice President of RTA	1. Chairman of the Board of Directors of the Company's affiliated companies. 2. A top ten natural person shareholder of the Company. 3. and Cheng Jade Enterprise Co., Ltd, corporate shareholders that each hold more than 10% of the Company's issued shares. 4. are the first and second largest shareholders of the Company, holding more than 10% of the issued shares of the Company. 5. The directors are related to each other within the 2nd degree of kinship. 6. Does not meet any of the criteria described in Article 30 of the Company Act.	None
Chang Sing Investment Co., Ltd. Representative: Chiu, Hsien Tung	Have work experience in commerce, law, finance, or accounting or a profession necessary for the business of the Company Experiences / Current positions: Manager, Management	1. Concurrently also an employee of the Company's subsidiaries. 2. holds more than 10% of the issued shares of the Company and is the largest shareholder of the Company. 3. Chiu, Hsien Tung was elected as a director as the designated representative of Chang Sing	None

Qualifications / Name	Professional qualifications and experience	Independence	Number of other public companies in which the individual is concurrently serving as an independent director
	Department, Heng I Chemical Co., Ltd. Auditor, PwC Taiwan	Investment Co., Ltd 4. Director of the Company's affiliated companies 5. Does not meet any of the criteria described in Article 30 of the Company Act.	
Cheng Jade Enterprise Co., Ltd. Representative: Ho, Eugene Lawrence	Business experience in the chemical industry Experiences / Current positions: General Manager, Coremax Corporation Vice President, Uranus Chemicals Co., Ltd Business Specialist, Chemicals Department, ITOCHU CHEMICAL FRONTIER Corporation	1. Concurrently an employee of the Company. 2. The Company's Chairman and General Manager are first degree relatives. 3. The Company's second largest shareholder is Cheng Jade Enterprise Co., Ltd., which owns more than 10% of the Company's outstanding shares. 4. Ho, Eugene Lawrence was elected as a Director as the designated representative of Chang Sing Investment Co., Ltd. 5. Ho, Eugene Lawrence is a director of the Company's affiliated companies. 6. Does not meet any of the criteria described in Article 30 of the Company Act.	None

Qualifications / Name	Professional qualifications and experience	Independence	Number of other public companies in which the individual is concurrently serving as an independent director
Ho, Chi-Chou	Business experience in the chemical industry Experiences / Current positions: President, ABBA Aluminium Co., Ltd. Executive Assistant to the President, Shih Her Technologies Inc.	1. is related to the Chairman Ho, Chi-Cheng within the 2nd degree of kinship. 2. Does not meet any of the criteria described in Article 30 of the Company Act.	None
Cheng, Chih-Fa	Have work experience in commerce, law, finance, or accounting or a profession necessary for the business of the Company; Certified Public Accountant (R.O.C.). Accountant, Ching Hsing United Certified Public Accountants Chairman, Yu Hsing Management Consulting Co., Ltd. Director, Uranus Chemicals Co., Ltd	1. Ho, Eugene Lawrence is a director of the Company's affiliated companies. 2. Does not meet any of the criteria described in Article 30 of the Company Act.	2 companies

Qualifications / Name	Professional qualifications and experience	Independence	Number of other public companies in which the individual is concurrently serving as an independent director
Lai, Ching-Yuan	Business experience in the chemical industry Experiences / Current positions: President, Heng I Chemical Company Ltd. Plant Director, Taiwan Prosperity Chemical Corp. Assistant Vice President, China American Petrochemical Co., Ltd.	1. Concurrently also an employee of the Company's subsidiaries. 2. Ho, Eugene Lawrence is a director of the Company's affiliated companies. 3. Does not meet any of the criteria described in Article 30 of the Company Act.	None
Hsu, I-Ping	Business experience in the transportation industry Experiences / Current positions: Chairman, Hsinchu Bus Company, Ltd. Chairman, HCT Logistics	Independent director who has met the following independence assessment criteria for the two years prior to his or her election and during his or her term of office. 1. Not an employee of the Company or any of its affiliates.	None

Qualifications / Name	Professional qualifications and experience	Independence	Number of other public companies in which the individual is concurrently serving as an independent director
Wang, Wen-Tsung	Have work experience in commerce, law, finance, or accounting or a profession necessary for the business of the Company; Certified Public Accountant (R.O.C.). Partner CPA, Biing-Cherng CPAS Independent Director, SYSAGE Technology Co.,Ltd. Supervisor, Emax Tech Co., LTD. Independent Director, CHYI DING TECHNOLOGIES CO., LTD.	2. Not be a director or supervisor of the Company or its affiliates (except in the case of an independent director of the Company or its parent company, or a subsidiary in which the Company directly or indirectly holds more than 50% of the voting shares). 3. Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of 1% or more of the total number of issued shares of the Company or ranks as one of its top ten shareholders. 4. Not a spouse or a relative within the second degree of kinship or a relative within the third degree of kinship of a person listed in the preceding three paragraphs. 5. Not a director, supervisor or employee who directly holds more than 5% of the total issued shares of the Company, or a director, supervisor or employee of the top five shareholders of the Company.	2 companies
Chang, Yuan-Lung	Have work experience in commerce, law, finance, or accounting or a profession necessary for the business of the Company; Certified Public Accountant (R.O.C.). Accountant, Chin Cheng United		2 companies

Qualifications / Name	Professional qualifications and experience	Independence	Number of other public companies in which the individual is concurrently serving as an independent director
	Certified Public Accountants Independent Director, GSD Technologies Co., Ltd. Independent Director, Shin Zu Shing Co., Ltd.	6. Not a director, supervisor, manager, managerial officer or shareholder holding 5% or more of the shares of a specific company or organization with which the Company has financial or business dealings. 7. Not a professional individual who, or an owner, partner, director, supervisor, or managerial officer of a sole proprietorship, partnership, company, or institution that provides auditing services or for the past two years, has provided commercial, legal, financial, accounting services or consultation to the Company or any affiliate of the company, or a spouse thereof. 8. Not a spouse or a relative within two degrees of kinship to any director. 9. Does not meet any of the criteria described in Article 30 of the Company Act. 10. Not the proxy of any government agency, juridical person, or their representative that is a shareholder in the Company as outlined in Article 27 of the Company Act.	

Diversification and Independence of the Board of Directors:

The Company advocates and respects the policy of diversity of Directors to strengthen corporate governance and promotes the sound development of the composition and structure of the Board of Directors and believes that the diversity approach will contribute to the overall performance of the Company. Board members are selected based on merit and have the ability to complement each other in a wide variety of industries, including basic qualifications and values (e.g., gender, age, nationality, culture), professional knowledge and skills: professional background (e.g., legal, accounting, industry, finance, marketing, or technology), and professional skills and industry experience. To achieve the ideal objectives of corporate governance , clause 20 of the Company's Code of Corporate Governance addresses the capabilities that the Board as a whole shall possess, including: ability to make operational judgments, ability to perform accounting and financial analysis, ability to conduct management administration, ability to conduct crisis management, knowledge of the industry, an international market perspective, ability to lead, and ability to make policy decisions.

Qualifications / Name	Basic composition								Industry experience						Industry experience		
	Nationality	Gender	Employee of the Company	Entrepreneurial Investment			Finance and management		Chemistry	Transportation	Metals and machinery	Professional service and	Finance and management	Entrepreneurship and	Law	Accounting	Risk management
				30-40 years	51-60 years	61-70 years	Under 3 years	6-9 years									
Ho, Chi-Cheng	R.O.C.	Male	-	-	-	✓	-	-	✓	-	✓	✓	✓	✓	○	○	✓
Chang Sing Investment Co., Ltd. Representative: Chiu, Hsien Tung	R.O.C.	Male	✓	-	✓	-	✓	-	✓	-	-	○	✓	✓	-	○	✓
Cheng Jade Enterprise Co., Ltd. Representative: Ho, Eugene Lawrence	U.S.A	Male	✓	✓	-	-	✓	-	✓	-	✓	✓	✓	✓	-	○	✓
Ho, Chi-Chou	R.O.C.	Male	-	-	✓	-	-	-	✓	-	✓	✓	✓	✓	-	-	✓
Cheng, Chih-Fa	R.O.C.	Male	-	-	-	✓	✓	✓	-	-	-	✓	✓	✓	○	✓	✓
Lai, Ching-Yuan	R.O.C.	Male	-	-	-	✓	✓	✓	✓	-	-	✓	✓	✓	-	-	✓
Hsu, I-Ping	R.O.C.	Male	-	-	-	✓	✓	✓	-	✓	-	✓	✓	✓	-	-	✓

Qualifications / Name	Basic composition								Industry experience						Industry experience		
	Nationality	Gender	Employee of the Company	Entrepreneurial Investment			Finance and management		Chemistry	Transportation	Metals and machinery	Professional service and	Finance and management	Entrepreneurship and	Law	Accounting	Risk management
				30-40 years	51-60 years	61-70 years	Under 3 years	6-9 years									
Wang, Wen-Tsung	R.O.C.	Male	-	-	✓	-	✓	✓	-	-	-	○	✓	✓	○	✓	○
Chang, Yuan-Lung	R.O.C.	Male	-	-	-	✓	✓	✓	-	-	-	○	✓	✓	○	✓	○

Note: ✓means capable of, ○ means partially capable of.

(II) Information on the General Manager, Deputy General Manager(s), Assistant Managers, and heads of Departments and Branches

Date: May 2, 2023; Unit: Share; %

Title (Note 1)	Nationality	Name	Gender	Date elected/appointed	Spouse and child of minor age		Shareholdings of spouse and minor child(ren)		Shareholding under other person(s)		Main experience (education) (Note 2)	Concurrent Position(s) in the Company or other companies	Spouse or relative within the second degree of kinship Holding Managerial Position			Remarks (Note 3)
					Number of Shares	Shareholding %	Number of Shares	Shareholding %	Number of Shares	Shareholding %			Title	Name	Relationship	
President	U.S.A	Ho, Eugene Lawrence	Male	2021.05.04	237,416	0.22	10,500	0.01	-	-	Bachelor in Economics, University of California, Santa Barbara Business Specialist, Chemicals Department, ITOCHU Corporation Business Specialist, Chemicals Department, ITOCHU CHEMICAL FRONTIER Corporation Vice President, Uranus Chemicals Co., Ltd	Director, Coremax Corporation Director, Uranus Chemicals Co., Ltd Director, Heng I Chemical Company Ltd. Director, Cheng De Investment Co., Ltd. Director, Heng Mien Investment Co., Ltd.	None	None	None	
Vice President	R.O.C.	Chu, Yuh-Ren	Male	2021.05.04	29,286	0.03	-	-	-	-	Department of Chemical Engineering, Tunghai University EMBA, Xiamen University Vice President, Uranus Chemicals Co., Ltd	Director and General Manager, Uranus Chemicals Co., Ltd. Director, Heng I Chemical Company Ltd.	None	None	None	
Financial Manager	R.O.C.	Lu, Poju	Male	2022.01.01	5,162	-	-	-	-	-	Department of Accounting and Information Technology, National Chung Cheng University Graduate School of Information Management and Finance, National Chiao Tung University Manager, Darwin Precisions Corporation	Supervisor, Uranus Chemicals Co., Ltd. Supervisor, Heng I Chemical Company Ltd.	None	None	None	

Note 1: It shall include information on the General Manager, Deputy General Managers, Assistant Managers, and heads of Departments and Branches, and any positions equivalent to the General Manager, Deputy General Managers, and Assistant Managers, regardless of the title, shall also be disclosed.

Note 2: If there is experience related to the current position, such as employment at an accounting firm or related company during the aforementioned disclosed period, the title and responsibilities shall be stated.

Note 3: Where the General Manager or equivalent (top executive) and the Chairman are the same person, spouses, or relatives within the first degree of kinship, the reasons, reasonableness, necessity, and relevant information on response measures (e.g., appointment of additional Independent Directors and requiring the appointment of more than half of the Directors to be individuals who do not concurrently serve as employees or managers) shall be stated.

The Chairman of the Board of Directors and the General Manager of the Company are first-degree relatives, which enhances operational efficiency and decision execution. The Chairman of the Board of Directors also closely communicates with the Directors on the recent status of the Company's operations and planning guidelines in order to implement corporate governance, and the Company's specific measures are as follows:

(1) The three existing independent Directors possess expertise in financial accounting and respective industry fields, which enables them to effectively perform their supervisory functions.
(2) Each year, we arrange for each director to attend professional director courses from outside organizations, such as the Chinese Corporate Governance Association, to enhance the effectiveness of the Board of Directors' roles and responsibilities.
(3) Independent directors can fully discuss and make recommendations to the Board of Directors for reference in each functional committee to implement corporate governance.

III. Remuneration of Directors, Supervisors, General Manager and Deputy General Manager(s) in the most recent fiscal year

(I) Remuneration of Directors (including Independent Directors) (bracket table according to persons)

December 31, 2022 Unit: NT$ (thousand)

<table>
<tr><th rowspan="3">Title</th><th rowspan="3">Name</th><th colspan="8">Remuneration to Directors</th><th colspan="2" rowspan="2">Sum of A, B, C and D as a percentage of after-tax profit (%)</th><th colspan="8">Compensation to Directors Also Serving as Company Employees</th><th colspan="2" rowspan="2">Sum of A, B, C, D, E, F and G as a percentage of after-tax profit</th><th rowspan="4">Compensation from Affiliates Other than Subsidiaries</th></tr>
<tr><th colspan="2">Remuneration (A)</th><th colspan="2">Pension (B)</th><th colspan="2">Remuneration of Director (C)</th><th colspan="2">Business Department Implementation Fees for Services Rendered (D)</th><th colspan="2">Salary, Bonuses, and Special Allowances, etc (E)</th><th colspan="2">Pension (F)</th><th colspan="4">Share of Profit as an Employee (G)</th></tr>
<tr><th rowspan="2">The Company</th><th rowspan="2">All companies included in the financial statements</th><th rowspan="2">The Company</th><th rowspan="2">All companies included in the financial statements</th><th rowspan="2">The Company</th><th rowspan="2">All companies included in the financial statements</th><th rowspan="2">The Company</th><th rowspan="2">All companies included in the financial statements</th><th rowspan="2">The Company</th><th rowspan="2">All companies included in the financial statements</th><th rowspan="2">The Company</th><th rowspan="2">All companies included in the financial statements</th><th rowspan="2">The Company</th><th rowspan="2">All companies included in the financial statements</th><th colspan="2">The Company</th><th colspan="2">All companies included in the financial statements</th><th rowspan="2">The Company</th><th rowspan="2">All companies included in the financial statements</th></tr>
<tr><th></th><th></th><th>Cash amount</th><th>Stock amount</th><th>Cash amount</th><th>Stock amount</th></tr>
<tr><td>Chairman</td><td>Ho, Chi-Cheng</td><td rowspan="6">4,200</td><td rowspan="6">6,336</td><td rowspan="6">0</td><td rowspan="6">0</td><td rowspan="6">0</td><td rowspan="6">0</td><td rowspan="6">18</td><td rowspan="6">18</td><td rowspan="6">0.86%</td><td rowspan="6">1.29%</td><td rowspan="6">9,540</td><td rowspan="6">17,679</td><td rowspan="6">0</td><td rowspan="6">163</td><td rowspan="6">341</td><td rowspan="6">0</td><td rowspan="6">1,256</td><td rowspan="6">0</td><td rowspan="6">2.86%</td><td rowspan="6">5.16%</td><td rowspan="6">None</td></tr>
<tr><td>Director</td><td>Chiu, Hsien Tung</td></tr>
<tr><td>Director</td><td>Ho, Eugene Lawrence</td></tr>
<tr><td>Director</td><td>Ho, Chi-Chou</td></tr>
<tr><td>Director</td><td>Cheng, Chih-Fa</td></tr>
<tr><td>Director</td><td>Lai, Ching-Yuan</td></tr>
<tr><td>Independent director</td><td>Hsu, I-Ping</td><td rowspan="3">3,150</td><td rowspan="3">3,150</td><td rowspan="3">0</td><td rowspan="3">0</td><td rowspan="3">0</td><td rowspan="3">0</td><td rowspan="3">15</td><td rowspan="3">15</td><td rowspan="3">0.64%</td><td rowspan="3">0.64%</td><td rowspan="3">0</td><td rowspan="3">0</td><td rowspan="3">0</td><td rowspan="3">0</td><td rowspan="3">0</td><td rowspan="3">0</td><td rowspan="3">0</td><td rowspan="3">0</td><td rowspan="3">0.64%</td><td rowspan="3">0.64%</td><td rowspan="3">None</td></tr>
<tr><td>Independent director</td><td>Wang, Wen-Tsung</td></tr>
<tr><td>Independent director</td><td>Chang, Yuan-Lung</td></tr>
<tr><td colspan="23">1. The correlation between the policies, standards, and structure of the remuneration and the responsibilities, risk and time undertook by the Independent Director: The Company pays independent directors a monthly remuneration of NT$ 30,000, and no directors' remuneration will be distributed from the profit of a year.
2. In addition to the disclosure in the above table, in the most recent fiscal year, the compensation received by Directors from all companies included in the financial statements for service rendered (e.g. in the capacity of non-Employee consultant): None.</td></tr>
</table>

Remuneration range of directors (independent Directors included)

Range of remuneration paid to each director	Name of director			
	Sum of the first 4 items (A+B+C+D)		Sum of the first 7 items (A+B+C+D+E+F+G)	
	The Company (Note 8)	All companies included in the financial statements (Note 9) H	The Company (Note 8)	All companies included in the financial statements (Note 9) I
Under NT$1,000,000	Ho, Eugene Lawrence; Lai, Ching-Yuan; Ho, Chi-Chou; Cheng, Chih-Fa; Chiu, Hsien Tung	Lai, Ching-Yuan; Cheng, Chih-Fa; Chiu, Hsien Tung	Lai, Ching-Yuan, Ho, Chi-Chou, Cheng, Chih-Fa, Chiu, Hsien Tung	Cheng, Chih-Fa
NT$ 1,000,000 (inclusive) to NT$ 2,000,000 (exclusive)	Ho, Chi-Cheng; Hsu, I-Ping; Wang, Wen-Tsung; Chang, Yuan-Lung	Ho, Chi-Cheng; Ho, Eugene Lawrence; Ho, Chi-Chou; Hsu, I-Ping; Wang, Wen-Tsung; Chang, Yuan-Lung	Hsu, I-Ping; Wang, Wen-Tsung; Chang, Yuan-Lung	Ho, Chi-Chou; Chiu, Hsien Tung; Hsu, I-Ping; Wang, Wen-Tsung; Chang, Yuan-Lung
NT$ 2,000,000 (inclusive) to NT$ 3,500,000 (exclusive)	-	-	-	-
NT$ 3,500,000 (inclusive) to NT$ 5,000,000 (exclusive)		-	-	Lai, Ching-Yuan
NT$ 5,000,000 (inclusive) to NT$ 10,000,000 (exclusive)	-	-	Ho, Eugene Lawrence, Ho, Chi-Cheng	Ho, Eugene Lawrence, Ho, Chi-Cheng
NT$ 10,000,000 (inclusive) to NT$ 15,000,000 (exclusive)	-	-	-	-
NT$ 15,000,000 (inclusive) to NT$ 30,000,000 (exclusive)	-	-	-	-

Range of remuneration paid to each director	Name of director			
	Sum of the first 4 items (A+B+C+D)		Sum of the first 7 items (A+B+C+D+E+F+G)	
	The Company (Note 8)	All companies included in the financial statements (Note 9) H	The Company (Note 8)	All companies included in the financial statements (Note 9) I
NT$ 30,000,000 (inclusive) to NT$ 50,000,000 (exclusive)	-	-	-	-
NT$ 50,000,000 (inclusive) to NT$ 100,000,000 (exclusive)	-	-	-	-
Over NT$ 100,000,000	-	-	-	-
Total	9	9	9	9

(II) Supervisor's Remuneration: None (the supervisor is replaced by the Audit Committee in the Company).

(III) Remunerations of General Manager and Deputy General Manager

Unit: NT$ (thousand)

Title	Name	Salary (A) (Note 2)		Pension (B)		Bonuses and and special allowances, etc. (C) (Note 3)		Employee Earnings Distribution (D) (Note 4)				Ratio of total compensation (A+B+C+D) and to net profit after tax (%) (note 8)		Compensation from investee companies other than subsidiaries or the parent company (Note 9)
		The Company	All companies included in the financial statements (Note 5)	The Company	All companies included in the financial statements (Note 5)	The Company	All companies included in the financial statements (Note 5)	The Company		All companies included in the financial statements (Note 5)		The Company	All companies included in the financial statements	
								Cash amount	Stock amount	Cash amount	Stock amount			
President	Ho, Eugene Lawrence	5,700	7,590	135	135	4,496	5,541	510	0	1,343	-	2.2%	2.96%	None
Vice President	Chu, Yuh-Ren													
Chief Finance Officer	Weng, Chih-Hsien (Note 1)													

＊Regardless of job titles, positions that are equivalent to General Manager and Deputy General Manager (such as President, Chief Executive Officer, Director, etc.) shall be disclosed.

Note 1: CFO Weng, Chih-Hsien retired on March 31, 2022.

Note 2: The retirement pension for FY2022 includes the actual payment and withdrawal of retirement pension.

Remuneration range

Range of Remuneration Paid to General Manager and Deputy General Managers	Names of General Manager and Deputy General Managers	
	The Company (Note 6)	All companies included in the financial statements (Note 7) E
Under NT$1,000,000	-	-
NT$ 1,000,000 (inclusive) to NT$ 2,000,000 (exclusive)	-	-
NT$ 2,000,000 (inclusive) to NT$ 3,500,000 (exclusive)	Chu, Yuh-Ren; Weng, Chih-Hsien	Weng, Chih-Hsien
NT$ 3,500,000 (inclusive) to NT$ 5,000,000 (exclusive)	Ho, Eugene Lawrence	Chu, Yuh-Ren
NT$ 5,000,000 (inclusive) to NT$ 10,000,000 (exclusive)	-	Ho, Eugene Lawrence
NT$ 10,000,000 (inclusive) to NT$ 15,000,000 (exclusive)	-	-
NT$ 15,000,000 (inclusive) to NT$ 30,000,000 (exclusive)	-	-
NT$ 30,000,000 (inclusive) to NT$ 50,000,000 (exclusive)	-	-
NT$ 50,000,000 (inclusive) to NT$ 100,000,000 (exclusive)	-	-
Over NT$ 100,000,000	-	-
Total	3	3

(IV) Names of Managerial Officers Receiving Employee Remuneration and the Distribution

Unit: NT$ (thousand)

Item	Title	Name	Stock amount	Cash amount	Total	Total as a percentage of after-tax profit (%)
Managers	President	Ho, Eugene Lawrence	0	737	737	0.15%
	Vice President	Chu, Yuh-Ren				
	Chief Finance Officer	Weng, Chih-Hsien				
	Financial Manager	Lu, Poju				

Note 1: Deputy General Manager Weng, Chih-Hsien retired on March 31, 2022.

Note 2: The proposed distribution of earnings for FY2022 has been approved by the Board of Directors on March 1, 2023, but has not yet been recognized by the shareholders' meeting; the proposed distribution is calculated on a pro rata basis based on the amount distributed in previous years. The distribution has not been made as of the publication date of the annual report.

(V) Compare and describe the percentage of the total remuneration paid by the Company and by all companies included in the consolidated or parent company-only or individual financial statements for the two most recent fiscal years to Directors, Supervisors, General Manager, and Deputy General Managers of the Company, relative to net profit after tax, and the correlation between policies, standards, and portfolios for the payment of remuneration, the procedures for determining remuneration, and business performance and future risks.

1. The proportion of the total remuneration of Directors, Supervisors, General Manager and Deputy General Managers of the Company paid by the Company and all companies in the consolidated financial statement to net profit after tax in individual financial statements in the most recent two years:

Related item	2021		2022	
	The Company	The Company	The Company	Consolidated financial statement
Net income after tax	462,930	448,420	493,160	530,10
Percentage of directors' remunerations	3.43%	5.55%	3.5%	5.8%

Related item	2021		2022	
	The Company	The Company	The Company	Consolidated financial statement
Percentage of supervisors' remunerations	0	0	0	0
Percentage of remuneration to the General Manager and Deputy General Manager	3.09%	3.82%	2.2%	2.96%

Description: In FY2021, the Company and its subsidiaries increased their gross profit margin due to the increase in production and sales of EV battery materials, and net income after tax increased in FY2021 compared to FY2020, thus its proportional share decreased compared to the previous year.

2. The remuneration policies, standards, and portfolios for the payment of remuneration, the procedures for determining remuneration, and the correlation of remuneration to business performance and future risks:
   (1) The policy for the paying directors (including independent directors) is specified in the Company's Articles of Incorporation and submitted to the shareholders' meeting for resolution and approval.
   (2) The salaries of the General Manager and Deputy General Manager shall be administered in accordance with the Company's Salary Management Regulations and shall be reasonably compensated by assessing their individual performance achievement rate and contribution to the Company's performance.
   (3) The Company has the Remuneration Committee in place, which formulates and regularly reviews directors', independent directors' and managerial officers' annual and long-term performance appraisals and remuneration policies, systems and structures.

IV. Implementation of Corporate Governance

(I) Operation of Board of Directors

In FY2022 and 2023, up to the publication date of the annual report, the Board of Directors' convened six meetings, and the attendance of Directors was as follows:

Title	Name	Attendance in Person	By proxy	Actual attendance rate	Remarks
Chairman	Ho, Chi-Cheng	6	0	100.00%	Should attend six meetings
Director	Chang Sing Investment Co., Ltd. Representative: Chiu, Hsien Tung	6	0	100.00%	Should attend six meetings
Director	Cheng Jade Enterprise Co., Ltd. Representative: Ho, Eugene Lawrence	6	0	100.00%	Should attend six meetings
Director	Ho, Chi-Chou	5	0	83.33%	Should attend six meetings
Director	Cheng, Chih-Fa	6	0	100.00%	Should attend six meetings
Director	Lai, Ching-Yuan	6	0	100.00%	Should attend six meetings
Independent director	Hsu, I-Ping	6	0	100.00%	Should attend six meetings
Independent director	Wang, Wen-Tsung	6	0	100.00%	Should attend six meetings
Independent director	Chang, Yuan-Lung	6	0	100.00%	Should attend six meetings

Other notes:

1. For Board of Directors meetings that meet any of the following descriptions, state the date, session, the discussed topics, Independent Directors' opinions and how the company has responded to such opinions:

    (1) Conditions described in Article 14-3 of the Securities and Exchange Act:

<table>
<tr><th>Board of Directors</th><th>Date</th><th>Content of resolution</th><th>Response of the Company toward the opinion of Independent Directors</th></tr>
<tr><td>15th meeting of the 10th-term</td><td>2022.02.25</td><td>● Cooperate with the change of attesting CPAs as required by the internal adjustment of KPMG Taiwan.
● Proposal of distributing employee, director, and supervisor remuneration for 2021.
● Proposal of amending the Procedures for Acquisition or Disposal of Assets.
● Proposal for opening a trading account with Straits Financial Services Pte Ltd.</td><td rowspan="3">Independent directors had no other opinions.</td></tr>
<tr><td>16th meeting of the 10th-term</td><td>2022.05.03</td><td>● Proposal of amending the Corporate Social Responsibility Best Practice Principles.
● Proposal for the Company's endorsement/guarantee amounts to subsidiaries.
● Proposal for the loaning of funds by the Company's subsidiaries to sub-subsidiaries.
● Proposal for the loaning of funds by the Company's subsidiaries to sub-subsidiaries.
● The Company's loan to subsidiaries</td></tr>
<tr><td>17th meeting of the 10th-term</td><td>2022.08.03</td><td>● Resolution of the Company's Remuneration Committee.
● Proposal to participate in the capital increase by cash by Uranus Chemicals Co., Ltd.
● Proposal for increasing the trading limit for raw material futures.
● Proposal of amending the Approval Authority Chart.
● Proposal for establishing the Company’s corporate governance officers.
● Approved the Company’s Sustainable Development Committee Charter.</td></tr>
</table>

Board of Directors	Date	Content of resolution	Response of the Company toward the opinion of Independent Directors
18th meeting of the 10th-term	2022.11.04	● Assessment of the independence and suitability of the appointed CPAs of KPMG Taiwan. ● Capital expenditures of sub-subsidiaries. ● Proposal for the loaning of funds by the Company's subsidiaries to sub-subsidiaries. ● The Company endorses/guarantees the subsidiary's credit limit application with the bank. Proposal of amending the Company's Regulations Governing Procedure for Board of Directors Meetings. ● Proposal of amending the Company's Procedures for Handling Material Inside Information. ● Proposal of amending the Company's Managerial Procedures for Prevention of Insider Trading. ● Proposal of amending the Company's Corporate Governance Best-Practice Principles. ● Proposal of amending the Company's Risk Management Best-Practice Principles.	
19th meeting of the 10th-term	2022.12.28	● Proposal of amending the Company's Articles of Incorporation. ● Proposal of amending the Company's Rules for Election of Directors. ● Proposal of amending the Company's Rules for Managing Financial and Non-Financial Information. ● Proposal of adding the Company's Sustainability Report Compilation and Reporting Procedures. ● The greenhouse gas inventory and verification schedule of the Company and its subsidiaries to comply with the Financial Supervisory Commission's Sustainable Development Guidemap for TWSE- and TPEx- listed Companies.	

Board of Directors	Date	Content of resolution	Response of the Company toward the opinion of Independent Directors
20th meeting of the 10th-term	2023.03.01	● Proposal of distributing employee, director, and supervisor remuneration for 2022. ● The Company's 2022 Statement of Internal Control Effectiveness and System. ● The Company's 2022 business report and standalone and consolidated financial statements ● The Company's proposed distribution of 2022 earnings ● Loaning of funds among sub-subsidiaries ● The audit fees for CPA appointment ● The Company's 2023 capital increase by issuing new shares for cash ● Establishment of a subsidiary in Vietnam	

(2) Any other documented objections or qualified opinions raised by independent directors against board resolutions in relation to matters other than those described above: None.

2. For the implementation and state of directors' recusal for conflicts of interests, the directors' name, the topic discussed, reasons for the required recusal, and participation in the voting process:

Board of Directors	Date	Content of resolution	Recused Director	Reason of recusal and voting status
15th meeting of the 10th-term	2022.02.25	Report FY2021 distribution of employees' and directors' remunerations.	Chairman, Ho, Chi-Cheng Director, Ho, Eugene Lawrence	The Chairman, Ho, Chi-Cheng, concurrently serves as a managerial officer, so he recused himself from the discussion and voting. The Independent Director, Hsu, I-Ping, chaired the meeting.

Board of Directors	Date	Content of resolution	Recused Director	Reason of recusal and voting status
17th meeting of the 10th-term	2022.08.03	Discussion of remuneration of managerial officers.	Chairman, Ho, Chi-Cheng Director, Ho, Eugene Lawrence	The Chairman, Ho, Chi-Cheng and Director, Ho, Eugene Lawrence concurrently serve as managerial officers, so they recused themselves from the discussion and voting. The independent director, Hsu, I-Ping, chaired the meeting.
20th meeting of the 10th-term	2023.03.01	Report FY2022 distribution of employees' bonus and remuneration to Directors.	Chairman, Ho, Chi-Cheng Director, Ho, Eugene Lawrence	The Chairman, Ho, Chi-Cheng and Director, Ho, Eugene Lawrence concurrently serve as managerial officers, so they recused themselves from the discussion and voting. The independent director, Hsu, I-Ping, chaired the meeting.

3. A TWSE/TPEx listed company shall disclose the assessment cycle and period, the scope of assessment, method and content of assessment for the self (or peer) appraisal of the Board of Directors, and list the following implementation of the Board of Director's appraisal:

(1) The state of implementing Board of Directors evaluations:

Frequency of assessment	Assessment period	Scope of assessment	Method of assessment	Content of assessment
Once a year	From January 01, 2022 to December 31, 2022	1. Overall Board of Directors 2. Individual Board member 3. Performance assessment of functional committees	1. Overall Board of Directors: internal self-assessment in the Board of Directors 2. Individual board member: self-assessment by director. 3. Functional committee: internal self-assessment in the Board of Directors	The assessment result was reported to the Board of Directors on March 01, 2023. Please refer to Explanation 2 for the execution result of performance assessment of Board of Directors.

(2) Execution result of performance assessment of Board of Directors:

Performance assessment of Board of Directors	Self-assessment of Board members' performances	Performance assessment of functional committees
• Level of involvement in the Company's operations • Improve the decision quality of Board of Directors • Composition and structure of Board of Directors • Appointment and continuing education of Directors • Internal control	• Grasp of the Company's goals and missions • Recognition of director's duties. • Level of involvement in the Company's operations • Internal relationships management and communication • Directors' professionalism and continuing education • Internal control	• Level of involvement in the Company's operations • Comprehension of the responsibilities of the functional committee • Improvement in the quality of decision making by the functional committee • Composition of functional committee and appointment of members • Internal control
45 assessment indicators	23 assessment indicators	26 assessment indicators

Assessment result:

Performance assessment of Board of Directors	Self-assessment of Board members' performances	Performance assessment of functional committees
4.62	4.74	4.65

The Board of Directors, individual directors and functional members of the Board operated well during the period of performance assessment, and the self-assessment items were assessed to be sound and in compliance with the requirements of corporate governance, and effectively strengthened the functions of the Board of Directors and upheld the interests of shareholders.

4. Objective of enhancing functions of the Board of Directors

(1) Establishment of Remuneration and Audit Committees

The Company established the Remuneration Committee in 2011 and the Audit Committee in the shareholders' meeting of 2017 to strengthen the Board of Directors to perform its duties.

(2) Report on Corporate Governance

For strengthening the functions of the Board of Directors and corporate governance, the Company has established the Regulations Governing Procedure for Board of Directors Meetings, Rules for Election of Directors, Ethical Corporate Management Best Practice Principles, Procedures for Ethical Management and Guidelines for Conduct, Code of Ethical Conduct, Corporate Governance Best-Practice Principles, Procedures of Self- or Peer Evaluation of the Board of Directors, and Managerial Procedures for Prevention of Insider Trading as the basis of compliance.

(II) Operations of the audit committee or the state of participation in Board meetings:
In FY2022 and 2023, up to the date of publication of the annual report, the Audit Committee convened five meetings, and the attendance of members was as follows:

Title	Name	Attendance in Person	By proxy	Actual attendance rate	Remarks
Independent director	Wang, Wen-Tsung	5	0	100.00%	Should attend five meetings.
Independent director	Hsu, I-Ping	5	0	100.00%	Should attend five meetings.
Independent director	Chang, Yuan-Lung	5	0	100.00%	Should attend five meetings.

Other notes:

1. The date of the Audit Committee meeting, the term, contents of the proposals, dissenting or qualified opinions given by independent directors or contents of major proposed items, resolutions of the Audit Committee, and the Company's handling of the resolutions of the Audit Committee shall be recorded under the following circumstances in the operations of the Audit Committee meeting.
   (1) Conditions described in Article 14-5 of the Securities and Exchange Act:

Audit Committee	Date	Content of resolution	Opinions of Audit Committee members and responses of the Company
12th meeting of the 2nd-term	2022.02.25	● The change of attesting CPAs ● The Company's 2021 assessment of the effectiveness of the internal control system and the Statement of Internal Control System. ● The Company's 2021 business and financial reports, standalone financial statements and	Independent director, Wang, Wen-Tsung: Is the Company's gross margin affected by the battery materials products or other factors? Finance Manager's reply:

Audit Committee	Date	Content of resolution	Opinions of Audit Committee members and responses of the Company
		consolidated financial statements ● Amend the Company's Procedures for Acquisition or Disposal of Assets. ● The Company applied for establishing derivatives transaction accounts.	In the first half of 2020, the pandemic heavily impacted sales. Since 2021Q2, the main reason for the gross margin change was the rise in shipment and production capacity to accommodate the market demand. Independent director, Wang, Wen-Tsung: The increase in the Company's inventory in two years is relatively large. Is it due to the quantity of inventory or price increase of materials? Finance Manager's reply: Both price and quantity of inventory increased in 2021. The primary raw materials like nickel and cobalt's international quotations have increased by approximately 30~50% regarding the inventory price. And due to the pandemic, delayed shipping schedules and port congestion of raw materials have exacerbated since the third quarter. Meanwhile, the Company's shipping

Audit Committee	Date	Content of resolution	Opinions of Audit Committee members and responses of the Company
			and production are growing. To ensure stable production and shipment scheduling to meet customers' demands, the Company has increased the safety stock of raw material turnover.
13th meeting of the 2nd-term	2022.05.03	● Consolidated financial reports for 2022 Q1. ● Proposal of amending the Company's Corporate Social Responsibility Best Practice Principles. ● The Company's endorsements/guarantees to subsidiaries ● The Company's loan to subsidiaries	Independent director, Chang, Yuan-Lung: Why not loan funds from the Company's subsidiaries directly to sub-subsidiaries? Director Lu, Poju's reply: This method was used due to loan timeliness and amount considerations.
14th meeting of the 2nd-term	2022.08.03	● The Company's 2022Q2 consolidated financial reports. ● Participation of the subsidiary's capital increase in cash. ● The Company’s derivatives transactions limit adjustment.	Independent director, Chang, Yuan-Lung: The Company's current shareholding is 64.72%. Can the parent company subscribe to all of the shares when participating in the issuance of common stock for cash by subsidiaries with a limit of no more than NT$200 million? If so, is it necessary to issue an evaluation report on the impact on the parent company’s shareholders’ equity?

Audit Committee	Date	Content of resolution	Opinions of Audit Committee members and responses of the Company
			Director Lu, Poju's reply: If the original shareholders or employees do not subscribe, the Chairman will contact specific persons or the parent company for the subscription. The matters mentioned above are in compliance with the laws and regulations.
15th meeting of the 2nd-term	2022.11.04	● The Company's 2022Q3 consolidated financial reports. ● Evaluation of the independence and suitability of the appointed CPAs from KPMG. ● The formulation of the general principles of the pre-approval policy of non-assurance services. ● Capital expenditures of sub-subsidiaries. ● Proposal for the loaning of funds by the Company's subsidiaries to sub-subsidiaries. ● The Company endorses/guarantees the subsidiary's application of credit limit from the bank	Audit Committee members had no other opinions.
16th meeting of the 2nd-term	2023.03.01	● The Company’s 2022 Assessment of the Effectiveness of the Internal Control System and the Statement of Internal Control System. ● The Company's 2022 business report, standalone financial	General Manager Ho, Chi-Cheng's reply: As electric vehicles enter a period of rapid growth in the future, the Company's related products will snowball

Audit Committee	Date	Content of resolution	Opinions of Audit Committee members and responses of the Company
		statements, and consolidated financial statements. ● The Company's proposed distribution of 2022 earnings. ● The Company's invested sub-subsidiary loaning of funds to a sub-subsidiary. ● The Company's invested sub-subsidiary loaning of funds to a sub-subsidiary. ● The audit fees for CPA appointment. ● The Company's 2023 capital increase by issuing new shares for cash. ● The Company's establishment of a subsidiary in Vietnam.	with the sales of electric vehicles. We decided to utilize Vietnam as our production base because Vietnam has signed trade agreements with major countries, and global policies are accelerating electric vehicle development.

(2) Other resolution that has not been passed by the Audit Committee but passed by two-thirds or more of all Directors: None.

2. Recusal of any independent director due to conflict of interest: None.
3. Method of communication between Independent Directors, the Internal Audit Supervisor, and CPA:

(1) The audit officer of the Company participates in the Audit Committee meetings, regularly reports the implementation and improvement of the audit plan, and communicates on the effectiveness of the implementation of the Company's internal control system; the interaction is good.

(2) The independent directors of the Company interacted well with CPAs, and communicate well with CPAs in terms of reviewing financial and business issues.

(III) Corporate Governance Implementation and Deviations from the “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies”

Assessment criteria	Actual governance			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
I. Has the company established and disclosed its corporate governance principles based on the “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies?”	✓		The Company has established the “Corporate Governance Best-Practice Principles” pursuant to the “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies.” The Company and subsidiaries all operate accordingly	No material deviation
II. Shareholding structure and shareholders' interests (I) Has the Company implemented a set of internal procedures to handle Shareholders' recommendations, queries, disputes, and litigations?	✓		The Company holds annual shareholders' meetings as a regular communication channel with shareholders, establishes the " Managerial Procedures for Stock Affairs Operation", appoints a spokesperson and a deputy spokesperson, and mandates the Stock Affair Agency Department of Grand Fortune Securities to handle shareholding operations and settle shareholder proposals, questions, disputes and litigation issues.	No material deviation
(II) Is the Company constantly informed of the identities of its major Shareholders and the ultimate controller?	✓		The Company and its stock affair agency, the Stock Affair Agency Department of Grand Fortune Securities, regularly maintain lists of major shareholders and their ultimate controllers.	No material deviation

Assessment criteria	Actual governance			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
(III) Has the Company established and implemented risk management practices and firewalls for its affiliated companies?	✓		The company's affiliates are the subsidiaries. The related party transactions, endorsement/guarantees, and loaning of funds all comply with the operational procedures. In addition, the Company regularly supervises and manages subsidiaries to implement risk control and firewall mechanism.	No material deviation
(IV) Has the Company established internal policies that prevent insiders from trading securities against non-public information?	✓		The Company has established the “Managerial Procedures for Prevention of Insider Trading” and operates accordingly to prohibit internal personnel from trading marketable securities by leveraging undisclosed information in the market, and no material discrepancies have occurred.	No material deviation
III. Composition and responsibilities of the Board of Directors (I) Has the Board established and implemented policies to ensure the diversity of its members?	✓		The Company's Board of Directors consists of members from diverse industries who possess expertise in various fields, fulfilling the requirement for diversity.	No material deviation
(II) Apart from the Remuneration Committee and Audit Committee, has the Company assembled other functional committees at its own discretion?		✓	The Company has already set up the Remuneration Committee, Audit Committee, and Sustainable Development Committee.	No material deviation

Assessment criteria	Actual governance			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
(III) Has the Company established a set of policies and assessment methodology to evaluate the performance of the Board? Is regular performance evaluation conducted, at least once a year, and the evaluation result is submitted to the Board to serve as a reference in determining the remuneration of individual Directors and a nomination for re-election?	✓		On March 15, 2019, the Board of Directors authorized the creation of the Self- or Peer Evaluation Procedures for the Board of Directors. Every year, the Company assesses the performance of the Board of Directors, functional committees, and directors, individually and as a whole. The scope of the evaluation includes the performance evaluation of the Board of Directors as a whole, individual Board members, and functional committees. Evaluation methods include internal self-evaluation by the Board of Directors, self-evaluation by directors, peer evaluation, and the appointment of external professional evaluation institutions and experts, or other appropriate methods for performance evaluation. The measures for evaluating the overall performance of the Company's Board of Directors covers the following five aspects: I. Level of involvement in the Company's operations. II. Decision quality of the Board of Directors. III. Composition and structure of the Board of Directors. IV. Appointment and continuing education of Directors. V. Internal control.	No material deviation

Assessment criteria	Actual governance			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
			The performance evaluation (self or peer) of Board members cover the following six aspects: I. Understanding of the Company's goals and missions. II. Recognition of director's duties. III. Level of involvement in the Company's operations. IV. Internal relationship management and communication. V. Directors' professionalism and continuing education. VI. Internal control. The performance evaluation of the Company's functional committees covers the following five aspects: I. Level of involvement in the Company's operations. II. Recognition of the responsibilities of the functional committee. III. Quality of functional committee's decisions. IV. Composition of functional committee and appointment of members. V. Internal control. The Company selects appropriate evaluation implementation units. Each unit collects information related to the activities of the Board of Directors and distributes related self-evaluation surveys.	

Assessment criteria	Actual governance			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
			The coordination and implementation unit or the Secretariat of the Board of Directors will collect the information and surveys, compile a report with the results according to the aforementioned procedures, and submit the report to the Board of Directors for review and improvement.	
(IV) Does the Company assess the independence of external auditors regularly?	✓		The independence of attesting CPAs is assessed at least once per year. Based on the assessment, the CPA has no direct or material indirect financial interest in the Company, nor does he or she hold any position as a Director, Supervisor, or manager of the Company or have any significant influence on the audit or involved in the management function of the Company in formulating decisions. The Company also requested the attesting CPAs to provide an "Accountant's Independence Statement", which was reviewed and approved by the Board of Directors on March 01, 2023.	No material deviation

Assessment criteria	Actual governance			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
IV. Does the TWSE/TPEx listed company dedicate competent managers or a sufficient number of managers to take charge of corporate governance, and designate supervisors thereof to oversee the corporate governance affairs (including but not limited to providing information required for director/supervisor's operations, assisting the Board and Supervisors in legal compliance, convening Board/Shareholders' meetings in accordance with the law, applying for/changing company registry, and producing meeting minutes of Board/Shareholders' meetings)?	✓		The Company has established the Corporate Governance Best-Practice Principles and set up a corporate governance unit to perform corporate governance-related duties, which covers the formulation of the relevant code of conduct and the practices and procedures to be followed to comply with the corporate governance requirements. The Company established a corporate governance officer in 2022.	No material deviation
V. Has the Company established a means of communicating with its stakeholders (including but not limited to Shareholders, Employees, customers, suppliers, et cetera) or created a stakeholder section on the Company website? Does the Company respond to stakeholders' questions on	✓		(1) The Company maintains open communication channels with banks and other creditors, employees, consumers, suppliers, communities, or company stakeholders, and respects and safeguards their legitimate rights and interests. (2) Stakeholders may instantly learn about the Company's operating information through MOPS.	No material deviation

Assessment criteria	Actual governance			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
corporate responsibilities?			(3) The Company has the spokesperson and deputy spokesperson as communication channels with stakeholders.	
VI. Does the Company appoint a professional stock transfer agent to handle the affairs of the shareholders' meeting?	✓		The Company has mandated the Stock Affair Agency Department of Grand Fortune Securities as the stock affair agency.	No material deviation
VII. Information Disclosure (I) Has the company established a website that discloses financial, business, and corporate governance-related information?	✓		The Company has set up a company website to disclose finance and business and corporate governance information. In addition, it has also disclosed relevant information in MOPS pursuant to the law.	No material deviation
(II) Does the Company adopt other avenues for information disclosure (e.g., setting up an English website, designating specific personnel to collect and provide disclosure on the Company, implementing a spokesperson system, disclosing the process of institutional investor conferences on the Company website, etc.)?	✓		In order to ensure that information that may affect the decision-making of shareholders and stakeholders may be disclosed in a timely and fair manner, the responsible units collect and release various information. The relevant reporting operations are conducted at MOPS, and the implementation of the spokesperson system has been enhanced.	No material deviation

Assessment criteria	Actual governance			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
(III) Does the Company publicly announce and file the annual financial reports within two months after the accounting year-end, and publicly announce and file the first, second and third quarterly financial reports and monthly operating status reports before the stipulated deadlines?	✓		The Company publicly announces and files the financial statements within three months after the fiscal year ends, according to the Required Business Matters of Issuers of Publicly Listed Securities. The Company publicly announces and files the first, second, and third quarterly financial reports and monthly operating status reports before the stipulated deadlines. Although the Company did not meet the requirements of corporate governance recommendations for announcing and filing the reports within two months after the year ended, the Company still filed the reports by the deadline prescribed by the competent authority.	No material deviation

Assessment criteria	Actual governance			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
VIII. Does the Company have other important information for better understanding the Company's corporate governance system (including but not limited to interests and rights of employees, care for employees, investor relations, relations with suppliers, relations with stakeholders, continuing education of directors and supervisors, execution of risk management policies and risk measuring standards, execution of customer policies, and liability insurance for the Company's directors and supervisors)?	✓		(I) Employee Rights and Employee Care: The Company follows the Labor Standards Act and related laws and regulations regarding employees' rights and benefits, establishes an Employee Welfare Committee, attributes allowances and pensions, provides health examinations for employees, and holds various welfare activities for employees to mingle. (II) Investor relations: The Company publishes financial and business information on the Market Observation Post System (MOPS) promptly to protect the rights and interests of investors and stakeholders as pursuant to the laws and regulations, appoints spokesperson and deputy spokesperson as communication channels, attending institutional investors' conference as invited by security firms to facilitate shareholders' understanding of the Company's operations. (III) Suppliers relations: The Company communicates smoothly with its suppliers and adheres to the principle of honesty and	No material deviation

Assessment criteria	Actual governance			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
			reciprocity in business relationships with them. (IV) Rights of stakeholders: The Company maintains fluent communication channels with its stakeholders and fully respects and protects their legitimate rights and interests. (V) Continuing Education Taken by the Directors and Independent Directors: The Board members of the Company has attended courses at designated institutions in accordance with the Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEx Listed Companies. Please refer to p.37 of the annual report for more details. (VI) The implementation of risk management policies and measure standards of risks: The Company has always been operating in a prudent manner and has established an internal control system to prevent various risks, which is regularly and irregularly inspected by internal audit units. The Company also carries property insurance and develops and continuously reviews various operational risk	

<table>
<tr><th rowspan="2">Assessment criteria</th><th colspan="3">Actual governance</th><th rowspan="2">Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary description</th></tr>
<tr><td></td><td></td><td></td><td>preparation plans. .
(VII) Implementation of client policies:
The Company maintains close contact with its customers to ensure the reliability and quality of its products, and strictly abides by the contracts signed with customers to ensure their rights and interests.
(VIII) Insurance bought for Directors and Supervisors by the Company:
The Company purchases liability insurances for the Directors to strengthen the protection of shareholders' rights.
The Company disclosed the information related to the operation on MOPS, and the various information is available on the website.</td><td></td></tr>
<tr><td colspan="5">IX. Please describe improvements that have been made about the results of the corporate governance evaluation as prescribed by the Taiwan Stock Exchange Corporate Governance Center, as well as priorities and measures for matters that have yet to be improved. (The companies not subject to the evaluation need to fill in this part)
For the results of the 2022 Corporate Governance Evaluation, the Company's ranking was the first 36% - 50%. The Company will keep on advancing corporate governance.</td></tr>
</table>

The Company arranges annual professional training for the Directors in accordance with the regulations. The course covers the functions and performance evaluation of the Board of Directors, as well as corporate ethics and various communication issues. To encourage directors to pursue further education, the Company provides directors with information on courses offered by TWSE or TPEx from time to time and arranges suitable courses for them. The Company arranges suitable courses on corporate governance, economy, environment, society, human rights, and other aspects of corporate social responsibility during the Directors' personal time. Information on the Directors' education in 2022 is as follows:

Title	Name	Course Date	Organizer	Course name	Course hours
Chairman	Ho, Chi-Cheng	8/3 11/4	Taiwan Corporate Governance Association Taiwan Corporate Governance Association	Trends and Risk Management of Digital Technology and AI Supervising Companies To Ensure Successful Corporate Risk Management and Crisis Management as a Director or Supervisor	6
Director	Ho, Eugene Lawrence	8/3 11/4	Taiwan Corporate Governance Association Taiwan Corporate Governance Association	Trends and Risk Management of Digital Technology and AI Supervising Companies To Ensure Successful Corporate Risk Management and Crisis Management as a Director or Supervisor	6
Director	Cheng, Chih-Fa	8/3 10/5 10/14 11/4	Taiwan Corporate Governance Association Securities & Futures Institute Securities & Futures Institute Taiwan Corporate Governance Association	Trends and Risk Management of Digital Technology and AI 2022 Seminar on Legal Compliance of Insider Equity Swaps 2022 Promotional Conference on Prevention of Insider Trading Supervising Companies To Ensure Successful Corporate Risk Management and Crisis Management as a Director or Supervisor	**12**
Director	Ho, Chi-Chou	8/3 11/4	Taiwan Corporate Governance Association Taiwan Corporate Governance Association	Trends and Risk Management of Digital Technology and AI Supervising Companies To Ensure Successful Corporate Risk Management and Crisis Management as a Director or Supervisor	6

Title	Name	Course Date	Organizer	Course name	Course hours
Director	Lai, Ching-Yuan	8/3 11/4	Taiwan Corporate Governance Association Taiwan Corporate Governance Association	Trends and Risk Management of Digital Technology and AI Supervising Companies To Ensure Successful Corporate Risk Management and Crisis Management as a Director or Supervisor	6
Director	Chiu, Hsien Tung	8/3 11/4	Taiwan Corporate Governance Association Taiwan Corporate Governance Association	Trends and Risk Management of Digital Technology and AI Supervising Companies To Ensure Successful Corporate Risk Management and Crisis Management as a Director or Supervisor	6
Independent director	Hsu, I-Ping	8/3 11/4	Taiwan Corporate Governance Association Taiwan Corporate Governance Association	Trends and Risk Management of Digital Technology and AI Supervising Companies To Ensure Successful Corporate Risk Management and Crisis Management as a Director or Supervisor	6
Independent director	Wang, Wen-Tsung	6/30 8/3 11/4	Taiwan Corporate Governance Association Taiwan Corporate Governance Association Taiwan Corporate Governance Association	ESG Reporting Trends and the Business Implications of Disclosing ESG Trends and Risk Management of Digital Technology and AI Supervising Companies To Ensure Successful Corporate Risk Management and Crisis Management as a Director or Supervisor	9
Independent director	Chang, Yuan-Lung	5/10 5/10 8/3 11/4	Securities & Futures Institute Securities & Futures Institute Taiwan Corporate Governance Association Taiwan Corporate Governance Association	The Legality of the Cyber Security Management Act in Dealing With Ransomware Threats Competitiveness VS. Viability, ESG Trends and Strategies Trends and Risk Management of Digital Technology and AI Supervising Companies To Ensure Successful Corporate Risk Management and Crisis Management as a Director or Supervisor	12

(IV) If the Company has established the Remuneration Committee, its composition, responsibilities, and operation should be disclosed:

1. Information of Remuneration Committee members:

<table>
<tr><th colspan="2">Qualifications
Title (Note 1)
Name</th><th>Professional qualifications and experience</th><th>Independence</th><th>Number of Other Public Companies in which the Individual is Concurrently Serving as a Remuneration Committee Member</th><th>Remarks</th></tr>
<tr><td>Independent director</td><td>Hsu, I-Ping</td><td>Education:
Department of Aerospace Engineering, Tamkang University
Doctorate Program of Mechanical Engineering, University of Wisconsin, Milwaukee
Experiences / Current positions:
Chairman, Hsinchu Bus Company, Ltd.
Chairman, HCT Logistics
Director, Digiwell Technology Inc.
Chairman, Yi-Meng Co., Ltd.
At least five years' experience in business, legal, finance, accounting or corporate business
Does not meet any of the criteria described in Article 30 of the Company Act.</td><td rowspan="2">Note 2</td><td>None</td><td>None</td></tr>
<tr><td>Independent director</td><td>Wang, Wen-Tsung</td><td>Education:
Department of Accounting, Feng Chia University
Experiences / Current positions:
Partner CPA, Biing-Cherng CPAS
Independent Director, SYSAGE Technology Co.,Ltd.
Supervisor, Emax Tech Co., LTD.
Certified Public Accountant (R.O.C.)
At least five years' experience in business, legal, finance, accounting or corporate business
Does not meet any of the criteria described in Article 30 of the Company Act.</td><td>None</td><td>None</td></tr>
</table>

Title (Note 1) / Name		Professional qualifications and experience	Independence	Number of Other Public Companies in which the Individual is Concurrently Serving as a Remuneration Committee Member	Remarks
Independent director	Chang, Yuan-Lung	Education: Department of Accounting, Tamkang University Experiences / Current positions: Accountant, Chin Cheng United Certified Public Accountants Independent Director, GSD Technologies Co., Ltd. Independent Director, Shin Zu Shing Co., Ltd. Certified Public Accountant (R.O.C.) At least five years' experience in business, legal, finance, accounting or corporate business Does not meet any of the criteria described in Article 30 of the Company Act.		None	None

Note 1: For the title, please indicate the position as Director, Independent Director, or others.

Note 2: Members who meets the following conditions two years before the appointment or during the term of appointment:

(1) Not an employee of the Company or any of its affiliates.

(2) Not a director or supervisor of the Company or any of its affiliates. (The same does not apply, however, in cases where the person is an independent director of the company, its parent company, or any subsidiary, or subsidiary of the same parent company as appointed in accordance with the laws of Taiwan or with the laws of the country of the parent company or subsidiary.)

(3) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of 1% or more of the total number of issued shares of the Company or ranks as one of its top ten shareholders.

(4) Not a managerial officer mentioned in paragraph (1), or a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship mentioned in paragraphs (2) and (3).

(5) Not a director, supervisor, or employee of an institutional shareholder that directly holds 5% or more of the total number of issued shares of the Company, or ranks as its top five shareholders, or the designated representative pursuant to Article 27, Paragraph 1 or 2 in the Company as director/supervisor. (The same does not apply, however, in cases where the person is an independent director of the company, its parent company, or any subsidiary, or subsidiary of the same parent company as appointed in accordance with the laws of Taiwan or with the laws of the country of the parent company or subsidiary.)

(6) Not a director, supervisor, or employee of other companies with the Board seats or more than half of the voting shares under the control of one person. (The same does not apply, however, in cases where the person is an independent director of the company, its parent company, or any subsidiary, or subsidiary of the same parent company as appointed in accordance with the laws of Taiwan or with the laws of the country of the parent company or subsidiary.)

(7) Not a Director, General Manager or Employee of other company whose Chairperson or general manager are the same person or spouse of the Company. (The same does not apply, however, in cases where the person is an independent director of the company, its parent company, or any subsidiary, or subsidiary of the same parent company as appointed in accordance with the laws of Taiwan or with the laws of the country of the parent company or subsidiary.)

(8) Not a director, supervisor, managerial officer, or shareholder holding 5% or more of the shares of a specified company or institution with a financial or business relationship with the Company. (The same does not apply, however, if the specified company or institution holds more than 20% and less than 50% of the total number of issued shares of the Company, and in cases where the person is an independent director of the Company, its parent company, or any subsidiary, or subsidiary of the same parent company as appointed in accordance with the laws of Taiwan or with the laws of the country of the parent company or subsidiary.)
(9) Not a professional who provides audit or received no more than NT$500,000 in cumulative compensation in the last two years for commercial, legal, financial, or accounting services to the Company or its affiliates, nor an owner, partner, director, supervisor, or manager of a sole proprietorship, partnership, company, or organization that provides such services to the company or its affiliates; or the spouse of any of the above. However, exception applies to members of a remuneration committee, a take-over bid review committee, or a special committee for merger and acquisition exercising their authority pursuant to provisions of the Securities and Exchange Act or the Business Mergers and Acquisitions Act.
(10) Does not meet any of the criteria described in Article 30 of the Company Act.

2. Operation of Remuneration Committee

(1) The total number of members in the Remuneration Committee amounts to three persons.

(2) The term of the committee member: from June 12, 2020 to June 11, 2023. In 2022 and 2023, up to the date of publication of the annual report, the Remuneration Committee convened three meetings, and the attendance of members was as follows:

Title	Name	Attendance in Person	By proxy	Actual attendance rate (%)	Remarks
Committee member	Hsu, I-Ping	3	0	100.00%	Should attend 3 meetings
Committee member	Wang, Wen-Tsung	3	0	100.00%	Should attend 3 meetings
Committee member	Chang, Yuan-Lung	3	0	100.00%	Should attend 3 meetings

Note: After the term of office as director expired on June 12, 2020, all members of the Remuneration Committee continued their offices after re-election.

Other notes:

(1) If the Board of Directors declines to adopt or modify a recommendation of the remuneration committee, it should specify the date of the meeting, the session, the nature of motion, the resolution made by the Board of Directors, and the Company's response to the remuneration committee's opinion (e.g., if the amount of remuneration passed by the Board of Directors has a discrepancy with the recommended amount by the Remuneration Committee, the

circumstances and cause for the difference shall be specified): None.

(2) If resolutions of the Remuneration Committee are objected to by members or become subjected to a qualified opinion, which has been recorded or declared in writing, then the date of the meeting, the session, the nature of the motion, all members' opinions, and the response to members' opinions should be specified: None.

(V) Operating status of corporate sustainable development and difference from "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and reasons

Assessment criteria	Actual governance			Deviation and causes of deviation from the Corporate Governance BestPractice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
I. Has the Company established a governance structure to promote sustainable development and set up a special (part-time) unit to promote sustainable development, which is authorized by the Board of Directors to be handled by senior management and is supervised by the Board of Directors?	✓		The Company has noticed the development of global trends and responded to customers' requests by establishing a Sustainable Development Committee in 2022 to develop sustainability and plan strategies. This committee is dedicated to promoting ESG to further align with global sustainability trends. The ESG Committee will be chaired by the Chairman of the Board of Directors and comprised of the Group's General Manager and various operational and functional heads, with the Chairman assigning executives to implement ESG initiatives. The ESG Committee serves as a cross-departmental communication platform that integrates vertically and connects horizontally to implement the blueprint for sustainable development. Through semi-annual meetings, the ESG Committee identifies sustainability issues of concern to the company's operations and stakeholders, prepares corresponding strategies and working guidelines, prepares ESG-related budgets for each organization, coordinates resources, plans and implements annual programs, and tracks the effectiveness of implementation to ensure that ESG strategies are fully implemented in the company's daily operations. The ESG Committee reports to the Board at least annually on the current year's performance results and the following year's working plan.	No material deviation

Assessment criteria	Actual governance			Deviation and causes of deviation from the Corporate Governance BestPractice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
II. Does the Company conduct risk assessment on environmental, social and corporate governance issues related to its operations and establish relevant risk management policies or strategies in accordance with the materiality principle?	✓		The Company established a Sustainable Development Committee, which is responsible for promoting various ESG programs and formulating sustainable development strategies for the Company.	No material deviation
III. Environmental Issues (I) Does the company have an appropriate environmental management system established in accordance with its industrial character?	✓		In accordance with ISO 14001, ISO 14064-1, and ISO 50001 management systems, we effectively manage energy use and improve energy efficiency, and conduct annual PDCA effectiveness evaluations of energy and environmental management to ensure the implementation of environmental policies.	No material deviation
(II) Is the Company committed to improving resource efficiency and utilizing recycled materials that have a lower impact on the environment?	✓		The Company implements garbage classification and reduction and implements the policy of resource recycling and reuse. Sewage and waste liquid are processed in a centralized manner. After the metal components are extracted, they are treated to the discharging standard before discharging to the sewage treatment center of the industrial park to minimize the damage to the environment.	No material deviation
(III) Has the company assessed the potential risks and opportunities for business operations now and in the future regarding climate change and will it adopt response measures relating to climate issues?	✓		The Company has assessed the potential risks and opportunities of climate change to the Company in the present and the future by referring to relevant climate change information and the TCFD framework. Through the "CSR editorial team" at the meeting, the discussion and risk identifications are undertaken based on the Company's product characteristics, the transformation risks, and physical risks and opportunities, and the short-, medium- and long-term climate change risks and opportunities are identified based on the impact on the Company operations and likelihood. After assessment, the Company's potential climate-related risks and opportunities are: Physical risk: long-term Increase in extreme climate events: drought leading to water shortage risk:	No material deviation

<table>
<tr><th rowspan="2">Assessment criteria</th><th colspan="3">Actual governance</th><th rowspan="2">Deviation and causes of deviation from the Corporate Governance BestPractice Principles for TWSE/TPEX Listed Companies</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary description</th></tr>
<tr><td></td><td></td><td></td><td>
<table>
<tr><td>Water shortage simulation</td><td>Financial impact</td><td>Responding strategy</td></tr>
<tr><td>Long drought without rain, water outage for a week</td><td>No impact</td><td>The Company currently has a water storage facility with a capacity of 500 m3, which is enough to supply the known water consumption for a week after the water is cut off.</td></tr>
<tr><td>Long drought without rain, water outage for one to two weeks</td><td>Manufacturing costs increase
Revenue declines</td><td>1. Arrange water trucks to send water
2. Revise down output</td></tr>
<tr><td>Water outage for more than three weeks</td><td>Fixed assets increase
Revenue declines</td><td>Build sewage recycling and treatment equipment to reduce the dependence on tap water.</td></tr>
</table>
</td><td></td></tr>
</table>

<table>
<tr><th rowspan="2">Assessment criteria</th><th colspan="3">Actual governance</th><th rowspan="2">Deviation and causes of deviation from the Corporate Governance BestPractice Principles for TWSE/TPEX Listed Companies</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary description</th></tr>
<tr><td>(IV) Has the company calculated the greenhouse gas emissions, water consumption, and total weight of waste in the past 2 years. It formulated policies on energy conservation and carbon reduction, greenhouse gas reduction, water consumption, or other waste management?</td><td>✓</td><td></td><td>◎GHG emission volume
In order to fulfill global citizenship and corporate social responsibility, the Company is committed to promoting energy saving and carbon reduction. In order to enhance the management of greenhouse gases, the ISO 14064-1 greenhouse gas inventory standard was introduced in 2019, and the verification statement was obtained. The Company's main energy sources are gasoline, diesel, liquefied petroleum gas, heavy oil, purchased steam and electricity, of which the purchased steam takes the highest proportion. The greenhouse gas emissions in the past two years are shown in the following table:
<table>
<tr><th>Category</th><th>Unit</th><th>2021</th><th>2022</th></tr>
<tr><td>Gasoline</td><td>Tons of CO_2e</td><td>13.64</td><td>12.45</td></tr>
<tr><td>Diesel</td><td>Tons of CO_2e</td><td>38.47</td><td>36.82</td></tr>
<tr><td>LPG</td><td>Tons of CO_2e</td><td>79.77</td><td>193.59</td></tr>
<tr><td>Heavy oil</td><td>Tons of CO_2e</td><td>2,465.08</td><td>0</td></tr>
<tr><td>Purchased steam</td><td>Tons of CO_2e</td><td>5,155.18</td><td>5,291.1</td></tr>
<tr><td>Natural Gas</td><td>Tons of CO_2e</td><td>113.04</td><td>1,794.02</td></tr>
<tr><td>Electricity</td><td>Tons of CO_2e</td><td>4,912.09</td><td>5,445.16</td></tr>
<tr><td>Scope 1</td><td>Tons of CO_2e</td><td>2710.00</td><td>2,036.89</td></tr>
<tr><td>Scope 2</td><td>Tons of CO_2e</td><td>10,067.27</td><td>10,736.27</td></tr>
<tr><td>Total emission=
Scope 1 + Scope 2</td><td>Tons of CO_2e</td><td>12,777.27</td><td>12,773.15</td></tr>
<tr><td>Parent company only revenue</td><td>NT$ thousand</td><td>5,887,001</td><td>7,615,998</td></tr>
<tr><td>GHG emission intensity (total emission/parent company only revenue)</td><td>Tons of CO_2e / NT$ thousand</td><td>0.0022</td><td>0.0017</td></tr>
</table>
◎Water usage</td><td>No material deviation</td></tr>
</table>

<table>
<tr><th rowspan="2">Assessment criteria</th><th colspan="3">Actual governance</th><th rowspan="2">Deviation and causes of deviation from the Corporate Governance BestPractice Principles for TWSE/TPEX Listed Companies</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary description</th></tr>
<tr><td></td><td></td><td></td><td>Water resource management plays a key role in the Company's sustainable operation. It promoted the ISO14046 water footprint of products in 2019, and passed the verification in October of the same year. The Company actively conducts water consumption surveys, improvement assessments and water-saving plans, and launch more water-saving measures.
In 2022, the Company withdrew 22.16 million liters of water in the Hsinchu Plant and 22.63 million liters of water in the Toufen Plant, totaling 44.79 million liters, with a water consumption intensity of 0.7933 million liters per NT$ 100 million in 2022. The total water discharge in 2022 was 23.883 million liters, a 13.34% increase compared to 2021.
<table>
<tr><th>Item</th><th>Unit</th><th>2021</th><th>2022</th></tr>
<tr><td>Water withdrawal</td><td>Million liters</td><td>46.70</td><td>44.79</td></tr>
<tr><td>Water discharge</td><td>Million liters</td><td>21.07</td><td>23.88</td></tr>
<tr><td>Water consumption</td><td>Million liters</td><td>25.63</td><td>4.435</td></tr>
<tr><td>Parent company only revenue</td><td>NT$100 million</td><td>58.87</td><td>76.16</td></tr>
<tr><td>Water use intensity (total withdrawal/parent company only revenue)</td><td>Million liters/NT$100 million</td><td>0.7933</td><td>0.588</td></tr>
</table>

◎Total weight of waste
The wastes in the Company's plants are general business wastes, including inorganic sludge waste, waste plastic mixture,
waste wood mixture, household garbage, waste flame retardant materials, waste fiber, or other mixtures like cotton and cloth. There is no harmful
waste. The total volume of waste in 2022 was 268.03 tons, of which inorganic sludge waste
accounted for the largest share, about 198.23 tons (Note).
The Company complies with the environmental protection regulations of the competent</td><td></td></tr>
</table>

Assessment criteria	Actual governance: Yes	Actual governance: No	Actual governance: Summary description	Deviation and causes of deviation from the Corporate Governance BestPractice Principles for TWSE/TPEX Listed Companies
			authority for waste disposal, mainly through outsourcing waste clean up, and signs contracts with qualified waste removal and treatment companies meeting the requirements of relevant regulations as required by laws, while ensuring that outsourcing manufacturers properly handle each item pursuant to the laws.	

Waste Composition				Waste Generated (tons)	
Processing Method			Item	2021	2022
Off-site Processing	Direct Processing	Thermal Treatment	Inorganic Sludge	275.38	198.23
		Landfill	Waste refractory materials	0	12
		Incineration (Excluding energy recovery)	Waste plastic mixture	6.57	7.77
			General waste from business operations	29.74	12.83
			Waste wood mixtures	4.69	7
			Waste fiber or other cotton, cloth and other mixtures	2.2	1.61
		Subtotal		318.58	239.44
On-site Processing	On-site temporary storage	Inorganic Sludge		30.50	25.1
		Waste refractory materials		9.27	3.49
		Waste plastics		0	0
		Waste fibers		0	0
		Waste wood		0	0
		Subtotal		39.77	28.59
Total				358.35	268.03

The Company mainly relies on purchased electricity and steam for energy. To lessen the environmental harm caused by greenhouse gases,
the Company promotes energy management solutions for offices and public areas to

<table>
<tr><th rowspan="2">Assessment criteria</th><th colspan="3">Actual governance</th><th rowspan="2">Deviation and causes of deviation from the Corporate Governance BestPractice Principles for TWSE/TPEX Listed Companies</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary description</th></tr>
<tr><td></td><td></td><td></td><td>build a culture of energy conservation among employees.
The Company presents objective data on its expenses for environmental hygiene, energy conservation, carbon reduction, and greening activities.
These expenses are mainly focused on conducting operating environment inspections and operating and maintaining pollution control equipment operation.
The total amount of environmental expenses for FY2022 is NT$1,156 thousand, a significant decrease from the previous year.
<table>
<tr><th>Item</th><th>2021</th><th>2022</th></tr>
<tr><td>Air Pollution Control Expenses</td><td>26</td><td>65</td></tr>
<tr><td>Water Pollution Control Expenses</td><td>532</td><td>861.71</td></tr>
<tr><td>Waste Disposal (general waste) Expenses</td><td>2,723</td><td>229.54</td></tr>
<tr><td>Total</td><td>3,281</td><td>1,156.25</td></tr>
</table></td><td></td></tr>
<tr><td>IV. Social Issues
(I) Does the company have the relevant management policies and procedures stipulated in accordance with the relevant laws and regulations and international conventions on human rights?</td><td>✓</td><td></td><td>The Company values the opinions of employees, protects the rights and interests of employees, is committed to improving working conditions and working environment, provides employee channels for suggestions and complaints, and holds regular employee-employer meetings to strengthen employee-employer collaboration.</td><td>No material deviation</td></tr>
<tr><td>(II) Has the company established and implemented reasonable measures for employee benefits (including remuneration, holidays, and other benefits) and adequately reflect the business performance or achievements in employee remuneration?</td><td>✓</td><td></td><td>The salary assessment of the Company is based on educational qualifications and relevant experience, and is superior to the wage standard of the "Labor Standards Act." The salary per capita in December 2022 was higher than the average salary in Taiwan reported by the Directorate General of Budget, Accounting and Statistics (DGBAS). Currently, the starting salary of direct personnel is more than 1.39 times the average salary, and higher than the salary level of the industry. The employees are also entitled to monthly performance incentives, surplus distribution, and year-end bonuses. The average annual salary of 2022 is 16 months. The floating incentives,</td><td>No material deviation</td></tr>
</table>

Assessment criteria	Actual governance			Deviation and causes of deviation from the Corporate Governance BestPractice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
			such as employee performance incentives, bonuses, and year-end bonuses are distributed be based on the employee's personal contribution, key performance indicator (KPI) achievement rate, and performance appraisal results	
(III) Does the company provide employees with a safe and healthy work environment, and provide safety and health education to employees regularly?	✓		The Company handles the safety and health tasks pursuant to the regulations related to organization and personnel in the Occupational Safety and Health Act.	No material deviation
(IV) Does the company establish effective training programs for employee's career development?	✓		The Company has an internal promotion system and training programs	No material deviation
(V) Has the company complied with laws and international standards with respect to customers' health, safety, and privacy, and marketing and labeling in all products and services offered, and implemented consumer protection policies and complaint procedures?	✓		The Company values customers' opinions, and provides product inquiry contact windows and an online customer service mailbox at the Stakeholders Section on the Company's website. In addition to visiting customers from time to time, it also conducts customer satisfaction surveys every year and understands customer needs through distributor conferences. The Company insists on the principle of good faith to handle and give feedback, to protect the interests of customers.	No material deviation
(VI) Has the company established supplier management policies demanding compliance with relevant regulations and their execution status regarding issues such as environmental, occupational safety, and health or labor rights?	✓		The Company has established "Supplier Management Procedures" and "Supplier Social Responsibility and Code of Conduct," disclosed on the Company's website, to enable suppliers to understand and comply with the Company's product safety and ethical requirements, and to enhance their social and environmental responsibility, including requirements for suppliers' ethical standards, respect for human rights, environmental sustainability, privacy and intellectual property rights, healthy and safe working environment; other than requiring suppliers to cooperate closely, the suppliers are also regularly evaluated. When the Company purchases goods, it also needs to comply with the environmental laws and regulations of the country where it is located, and industry regulations such as the source of conflict minerals.	No material deviation

Assessment criteria	Actual governance			Deviation and causes of deviation from the Corporate Governance BestPractice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
V. Has the company taken reference from international reporting standards or guidelines when compiling sustainability reports and other reports that disclose non-financial information? Does the Company obtain the confirmation or affirmation opinion from a third party for the aforementioned reports?	✓		The Company's corporate social responsibility report has been assured by attesting CPA Yu, Chi-Lung from KPMG with the issuance of the assurance report.	No material deviation
VI. For companies who have established corporate responsibility code of conducts in accordance with the "Corporate Social Responsibility Best Practice Principles for TWSE/TPEx-Listed Companies," please describe the current practice and any deviations from the code of conduct: There is no material deviation between the current operation and the Best Practice Principles.				
VII. Any other essential information that may help us to understand the performance of corporate social responsibility better: None				

(VI) The state of the Company's performance in the area of ethical corporate management, any variance from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies, and the reason for any such variance:

Assessment criteria	Actual governance			Nonconformity to the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies, and reasons thereof
	Yes	No	Summary description	
I. Establishment of Corporate Conduct and Ethics Policy and Implementation Measures (I) Does the Company establish corporate conduct and ethics policy that is approved by the Board of Directors and document such policy and procedure and ensure the commitment of the Board and Management team in the implementation of the policy thereof, in the bylaws and publicly available documents?	✓		The Company has approved the Ethical Corporate Management Best Practice Principles and related operational procedures while presenting a CSR report to communicate that it takes ethical management as its philosophy in sustainable development. The Board of Directors and senior management actively implement ethical management commitments and thoroughly undertakes the commitments in internal management and business activities.	No material deviation.
(II) Has the company established a risk assessment mechanism against unethical behavior, analyzed and assessed business activities within their business scope on a regular basis that are at a higher risk of being involved in unethical behavior, and established prevention programs at least covering the preventive measures specified in Paragraph 2 of Article 7 “Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies”?	✓		The Company has established the “Procedures for Ethical Management and Guidelines for Conduct” to formalize an effective accounting system and internal control system specifically preventing business activities with risk of unethical conduct. The auditing unit is responsible for formulating the ethical management policy and prevention programs, auditing compliance and supervising the implementation, and regularly analyzing and evaluating the risks of unethical conduct in the business scope for reporting to the Board of Directors.	No material deviation.

Assessment criteria	Actual governance			Nonconformity to the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies, and reasons thereof
	Yes	No	Summary description	
(III) Does the Company establish relevant policies that are duly enforced to prevent unethical conduct, provide and implement operating procedures, behavioral guidelines, the penalty for violation and appeal system in such policies, as well as evaluating and amending the aforementioned policies on a regular basis?	✓		To prevent unethical conduct, the Board of Directors has approved the Ethical Corporate Management Best Practice Principles and Code of Ethical Conduct while specifying various operational procedures and conduct guidelines, to specifically regulate the matters that the Company's personnel should pay attention to when conducting business. Promotional courses are arranged for new employees. Meetings and training for employees are conducted from time to time every year. In addition, a reward and punishment system is established to provide internal and external complaints and whistle-blowing channels to prevent unethical conduct rigorously.	No material deviation.
II. Implementation of ethical management (I) Does the Company evaluate the integrity of all counterparties it has business relationships with? Are there any integrity clauses in the agreements it signs with business partners?	✓		The rights and obligations of the Company and its counterparts are stipulated in the contract to be fully complied with.	No material deviation.
(II) Does the Company task a unit that reports directly to the Board of Directors and with promoting ethical standards, making periodical updates (at least once a year) to the Board on business integrity management policy, as well as the supervision of measures for prevention of unethical conduct?	✓		The Company has established the “Ethical Corporate Management Best Practice Principles,” and the Audit Office is responsible for formulating and supervising the implementation of ethical management policy and prevention programs, with regular reports to the Board of Directors.	No material deviation.

Assessment criteria	Actual governance			Nonconformity to the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies, and reasons thereof
	Yes	No	Summary description	
(III) Does the Company have any policy that prevents conflict of interest and channels that facilitate the report of conflicting interests?	✓		The Company has an "Employee's Code" specifying that all employees shall not receive benefits of more than NT$100. It prohibits the Company's to have transactions or business relations with employees and their relatives, to prevent employees from earning personal interests on the cost of the Company's interests.	No material deviation.
(IV) Has the Company implemented effective accounting and internal control systems to maintain business integrity? Do internal or external auditors review these systems on a regular basis?	✓		To ensure the implementation of ethical management, the Company has established an effective accounting system and internal control system, and internal auditors regularly audit the compliance with the previous system.	No material deviation.
(V) Does the Company conduct internal and external ethical training programs on a regular basis?	✓		The Company promotes the concept of ethical management and its importance from time to time.	No material deviation.
III. Implementation of whistle-blowing system (I) Does the Company provide incentives and means for Employees to report malpractice? Does the Company dedicate personnel to investigate the reported malpractice?	✓		The Company has a responsibility unit to handle related affairs pursuant to the process set forth in the procedures.	No material deviation.
(II) Has the Company implemented any standard procedures or confidentiality measures for handling reported malpractices?	✓		The Company has established the Corporate Governance Best-Practice Principles, and operates as required.	No material deviation.
(III) Does the Company assure malpractice reporters that they will not be mistreated for making such reports?	✓		The Company encourage whistleblowing, and will protect the whistleblower.	No material deviation.
IV. Enhanced information disclosure Has the company disclosed relevant CSR principles and implementation on its website and Market Observation Post System?	✓		The related corporate culture, operating guidelines, and implementation status are disclosed on the Company’s website, MOPS, annual reports, and CSR reports.	No material deviation.

Assessment criteria	Actual governance			Nonconformity to the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies, and reasons thereof
	Yes	No	Summary description	
V. If the Company has established business integrity policies in accordance with "Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies," please describe its current practices and any deviations from the Best Practice Principles There is no material deviation between the current operation and the Best Practice Principles.				
VI. Other material information that helps to understand the practice of ethical management of the company: (e.g., the review and revision of the best-practice principles of the Company in ethical management) None.				

1. The Company complies with the Company Act, Securities and Exchange Act, Business Entity Accounting Act, Political Donations Act, Anti-Corruption Act, Government Procurement Act, Act on Recusal of Public Servants Due to Conflicts of Interest, regulations related to TWSE/TPEx listing companies, and other regulations related to business conducts, as the basis of implementation of ethical management.
2. The Company has a company website for the public to learn about the Company. Important financial and business information is disclosed on public information websites in a timely manner pursuant to laws and regulations for general investors to review. The implementation status of social responsibilities is disclosed in the prospectus.
3. The Company has formulated the internal control system, internal audit system, and various management procedures; auditors and external professionals (such as brokers or accountants) conduct random inspections to ensure they are being implemented effectively to mitigate business risks and protect the interest of investors.

(VII) For Corporate Governance Guidelines and Regulations and other relevant internal policies, the Company should disclose how to access these policies:

The Company has established the related rules pursuant to the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies as follows and has implemented the operation and promotion of corporate governance. Investors may view them on the Company's website https://www.coremaxcorp.com/zh-tw/ and MOPS.

1. Code of Ethical Conduct;
2. Rules of Procedure for Shareholder Meetings;
3. Regulations Governing Procedure for Board of Directors Meetings;
4. Procedures for Election of Directors;
5. Ethical Corporate Management Best Practice Principles;
6. Remuneration Committee Charter;
7. Corporate Governance Best-Practice Principles

(VIII) Other important information that is sufficient to enhance the understanding of the operation of corporate governance

Related regulations are disclosed in the annual report and shareholders’ meeting agenda book; both are available on the MOPS: http://mops.twse.com.tw.

(IX) Internal Control Systems Implementation:

1. Statement of Internal Control System

Coremax Corporation

Statement of Internal Control System

Date: March 1, 2023

The Company declares the following concerning its internal control system during the fiscal year 2021, based on the findings of its self-assessment:

I. The Company acknowledges that the establishment, implementation, and maintenance of the internal control system are the responsibilities of the Board of Directors and Managers of the Company. As such, the Company has established the aforementioned system. Its objectives are to provide reasonable assurance for the effectiveness and efficiency of its operations (including profitability, performance, and the guarantee of assets safety, etc.), reliable, timely and transparent reporting, and conformity to applicable rules, regulations, and laws.

II. The internal control system has its inherent limitations. Regardless of how exhaustive the design is, an effective internal control system can only provide reasonable assurance for the achievement of the aforementioned three objectives. Further, due to changes in the environment or circumstances, the effectiveness of the internal control system may vary accordingly. Nevertheless, the Company's internal control system has set up a self-supervision mechanism. Once a deficiency has been identified, the Company will take remedial actions immediately.

III. In accordance with the determining criteria for the effectiveness of the internal control system prescribed in the "Regulations Governing the Establishment of Internal Control Systems by Public Companies" (hereafter the "Regulations"), the Company evaluated the effectiveness of the design and execution for its internal control system. The determining criteria of the internal control system prescribed in the "Regulations" are based on the process of management control, dividing the internal control system into five composite factors: 1. control of the environment, 2. risk evaluation, 3. control of operations, 4. information and communication, and 5. supervision. The composition of each element also includes several items. Please refer to the "Regulations" for the aforesaid items.

IV. The Company has adopted the aforementioned determining criteria of the internal control system to evaluate the effectiveness of design and execution for its own internal control system.

V. Based on the evaluation result of the preceding paragraph, the Company believes that its internal control system (including the supervision and management of its subsidiaries) as of December 31, 2022, including understanding the achievement for the objectives of effectiveness and efficiency of its operations, reliability, timeliness and transparency of its reporting and compliance with the applicable law and regulations, was effective in design and execution, and can be reasonably assured of the achievement of the aforementioned objectives.

VI. This statement will serve as the main content of the Company's annual report and prospectus and will be made available to the public. If the aforesaid public content has any illegal events, including falseness or concealment etc., it shall be liable to the legal liabilities stipulated in Article 20, 32, 171, and 174 of the Securities and Exchange Act.

VII. This Statement has been passed by the Board of Directors Meeting of the Company held on March 1, 2023, where none of the nine attending Directors expressed dissenting opinions, and the remainder all affirmed the content of this Statement.

Coremax Corporation

Chairman: Ho, Chi-Cheng

General Manager: Ho, Eugene Lawrence

2. Is any CPA entrusted to perform a special audit on the internal control audit report: None.

(X) For the most recent year until the publication date of the annual report, penalties imposed against the Company and its staff, or penalties imposed by the company against its staff for violations of internal control or regulations. State any corrective actions are taken in the most recent years up to the date of the annual report: None.

(XI) For 2022 and 2023 until the publication date of the annual report, major resolutions made in Shareholders' and Board meetings:

1. Key resolutions of 2022 AGM and implementation

Date of meeting	Major resolutions	Execution
2022.05.27	Proposals and Discussion: (1) To accept FY2021 Business Report and Financial Statements. (2) To approve the FY2021 earnings distribution. Election Matters: (1) Amendment of "Procedures for Acquisition or Disposal of Assets."	The resolution was adopted. The ex-dividend base date was July 2, 2022. Operated pursuant to the amended procedures.

2. Material resolutions in Board Meeting:

Date of meeting	Major resolutions
2022.02.25	● Cooperate with the change of attesting CPAs as required by the internal adjustment of KPMG. ● The Company's 2021 Assessment for Effectiveness of the Internal Control System and the Statement of Internal Control System. ● Proposal of distributing employee remuneration and director remuneration for 2021. ● The Company's 2021 business report, standalone financial statements, and consolidated financial statements. ● The Company's proposed distribution of 2021 earnings.. ● Discuss the date and venue, the period for accepting proposals from shareholders holding more than 1% of the shares, the acceptance location, and the discussion contents of the Company's 2022 annual shareholders' meeting. ● Proposal of amending the Company's Procedures for Acquisition or Disposal of Assets. ● Proposal for opening a trading account with Straits Financial Services Pte Ltd.
2022.05.03	● Consolidated financial reports for 2022 Q1. ● Proposal of amending the Company's Corporate Social Responsibility Best Practice Principles. ● The extension of bank borrowings. ● The Company's endorsements/guarantees to subsidiary COREMAX (BVI) CORPORATION. ● The extension of the bank limits of subsidiary COREMAX (BVI) CORPORATION. ● The loan of funds by the Company's investee, COREMAX (BVI) CORPORATION, to Coremax Ningbo Chemical Co., Ltd. and COREMAX (THAILAND) CO., LTD., in the

Date of meeting	Major resolutions
	amount of US$800,000 each. ● The Company's invested subsidiary loaning of funds to a sub-subsidiary. ● The Company's invested sub-subsidiary loaning of funds to a sub-subsidiary.
2021.08.03	● Resolutions of the Remuneration Committee. ● Establish an employee stock ownership trust to strengthen employee loyalty. ● Consolidated Report reports for 2022 Q2. ● Proposal to participate in the capital increase by cash by Uranus Chemicals Co., Ltd. (Uranus Chemicals) ● Proposal for increasing the trading limit for raw material futures. ● Proposal for the Company to lease an administrative building from Uranus Chemicals and lease area and rent adjustments by Uranus Chemicals. ● The extension of bank borrowings. ● Proposal of amending the Approval Authority Chart. ● Proposal for establishing the Company's corporate governance officers. ● Proposal for establishing the Company's Sustainable Development Committee. ● Approved the Sustainable Development Committee Charter. ● Proposal to donate an amount within the NT$4,000,000 limit to the Sports Administration account according to the Sports Industry Development Act.
2022.11.04	● Consolidated financial reports for 2022 Q3. ● Proposal for establishing the Company's 2023 internal audit plan. ● Evaluation of the independence and suitability of the appointed CPAs from KPMG. ● The formulation of the general principles of the pre-approval policy of non-assurance services. ● The current status of soil and groundwater contamination of the Company's Toufen plant and countermeasures. ● Capital expenditures of sub-subsidiaries COREMAX (THAILAND) CO., LTD. ● The Company's invested subsidiary loaning of funds to a sub-subsidiary. ● The extension of bank borrowings. ● The Company's endorsements/guarantees for the credit limit application to Taipei Fubon Bank by subsidiary Uranus Chemicals Co., Ltd. ● Proposal of amending the Company's Regulations Governing Procedure for Board of Directors Meetings. ● Proposal of amending the Company's Procedures for Handling Material Inside Information. ● Proposal of amending the Company's Managerial Procedures for Prevention of Insider Trading. ● Proposal of amending the Company's Corporate Governance Best-Practice Principles. ● Proposal of amending the Company's Risk Management Best-Practice Principles.
2022.12.28	● The Company's operating plan (budget) for FY2023. ● The extension of the Company's limits with banks. ● Proposal of amending the Company's Articles of Incorporation. ● Proposal of amending the Company's Rules for Election of Directors. ● Proposal of amending the Company's Rules for Managing Financial and Non-Financial Information. ● Proposal of adding the Company's Sustainability Report Compilation and Reporting

Date of meeting	Major resolutions
	Procedures. ● The greenhouse gas inventory and verification schedule of the Company and its subsidiaries to comply with the Financial Supervisory Commission's (FSC) Sustainable Development Guidemap for TWSE- and TPEx- listed Companies. ● Approved the extension of the bank borrowings. ● The Company's invested sub-subsidiary loaning of funds to a sub-subsidiary.
2023.03.01	● Proposal of distributing employee remuneration and director remuneration for 2022. ● The Company's 2022 Assessment for Effectiveness of the Internal Control System and the Statement of Internal Control System. ● The Company's 2022 business report, standalone financial statements, and consolidated financial statements. ● The Company's proposed distribution of 2022 earnings.. ● Election of Directors. ● Nomination of director and independent director candidates. ● Removal of non-compete clause for the Company's new directors and their representatives. ● Discuss the date and venue, the period for accepting proposals from shareholders holding more than 1% of the shares, the acceptance location, and the discussion contents of the Company's 2023 annual shareholders' meeting. ● The Company's invested sub-subsidiary loaning of funds to a sub-subsidiary. ● The Company's invested sub-subsidiary loaning of funds to a sub-subsidiary. ● The audit fees for CPA appointment. ● The Company's 2023 capital increase by issuing new shares for cash. ● The Company's establishment of a subsidiary in Vietnam. ● Proposal of amending the Company's Rules of Procedure for Shareholder Meetings.

(XII) For the most recent year until the publication date of the annual report, major issues of record or written statements made by any Director or Supervisor dissenting to important resolutions passed by the Board of Directors: None.

(XIII) For the most recent year until the publication date of the annual report, resignation or dismissal of the Company's Chairperson, General Manager, and Supervisors of Accounting, Finance, Internal Audit, and R&D: None.

V. Information Regarding the Company's Professional Service Fees

(I) Information of CPAs

Accounting Firm	Name of CPA		Period covered by CPA's audit	Remarks
KPMG in Taiwan	Chi-Lung Yu	Pei-Chi Chen	2022	None

Unit: NT$ (thousand)

Amount \ Professional service fee item		Audit fee	Non-audit fee	Total
1	Under NT$2,000,000		✓	700
2	NT$ 2,000,000 (inclusive) ~ NT$ 4,000,000	✓		3,650
3	NT$ 4,000,000 (inclusive) ~ NT$ 6,000,000			
4	NT$ 6,000,000 (inclusive) ~ NT$ 8,000,000			
5	NT$ 8,000,000 (inclusive) ~ NT$ 10,000,000			
6	Over NT$ 10,000,000 (inclusive)			

(II) CPA's professional service fees

Unit: NT$ (thousand)

Accounting Firm	Name of CPA	Audit fee	Non-audit fee					Period covered by the CPA's audit	Remarks
			System Design	Business Registration	Human Resources	Others	Subtotal		
KPMG in Taiwan	Chi-Lung Yu Pei-Chi Chen	3,650	-	-	-	700 (Note)	700	2022 Q1 to Q4	-

Note: NT$500 thousand for ESG assurance services and NT$200 thousand for the transfer pricing report.

(III) For non-audit fees paid to CPAs, accounting firms, and affiliated companies thereof that amount to more than 1/4 of the audit fees, the disclosure should be made regarding the amount of audit and non-audit fees, and the service content of audit and non-audit fees: None.

(IV) Changes in the accounting firm that result in lesser audit fees paid in comparison to the previous year, and disclosure for the change in audit fee, and the reason for the change: None.

(V) Reduction of audit fees by more than 15% compared to the previous year, and disclosure for the amount and percentage reduced, and the reason for the reduction: None.

VI. Change in attesting CPA(s)

(I) About the former CPA

<table>
<tr><td>Date of Change</td><td colspan="4">Approved by the Board of Directors on February 25, 2022</td></tr>
<tr><td>Reason for Change</td><td colspan="4">In line with internal adjustments of KPMG Taiwan, Yu, Chi-Lung and Yu, Wan-Yuan, the original attesting CPAs of the Company, were replaced. Since the fourth quarter of 2021, the attesting CPAs of the Company have changed our accountants to Yu, Chi-Lung and Pei-Chi.</td></tr>
<tr><td rowspan="3">Indicate whether the appointment is terminated or not accepted by the appointor or CPA</td><td colspan="2">Counterparty / Reason</td><td>Certified Public Accountant</td><td>Appointor</td></tr>
<tr><td colspan="2">Voluntary termination of appointment</td><td colspan="2" rowspan="2">None.</td></tr>
<tr><td colspan="2">Does not accept the (extension of) appointment</td></tr>
<tr><td>Opinions on audit reports other than unqualified opinions issued within the last two years and the reasons hereof</td><td colspan="4">No such cases</td></tr>
<tr><td rowspan="6">Any disagreement with the issuer</td><td rowspan="4">Yes</td><td></td><td colspan="2">accounting principles or practices</td></tr>
<tr><td></td><td colspan="2">Disclosure of financial reports</td></tr>
<tr><td></td><td colspan="2">Scope or steps of verification</td></tr>
<tr><td></td><td colspan="2">Others</td></tr>
<tr><td>None</td><td colspan="3">V</td></tr>
<tr><td colspan="4">Description: None.</td></tr>
<tr><td>Other disclosures</td><td colspan="4">Items 1.4 to 1.7 of Subparagraph 6 of Article 10 of this Standard that should be disclosed: None.</td></tr>
</table>

(II) About the successor CPA

Accounting Firm	KPMG in Taiwan
Name of CPA	Yu, Chi-Lung, CPA and Pei-Chi, CPA
Date of Appointment	Approved by the Board of Directors on February 25, 2022
Matters and results of consultation on the accounting treatment or accounting principles for specific transactions and on the possible issuance of financial statements prior to the appointment	None.

Written opinion of the successor auditor on matters on which he/ she disagreed with the predecessor accountant	None.

(III) The letter from the previous CPA to respond on 3 matters from Item 1 and 2 of Subparagraph 6 of Article 10: None.

VII. Names, Positions and Tenure of any of the Company's Chairman, General Manager, or managerial officers responsible for Financial or Accounting Affairs Being Employed by the Auditor's Firm or Any of Its Affiliated Company in the Most Recent Year Should Be Disclosed: None.

VIII. Evaluation of Auditor Independence

The Audit Committee of the Company evaluates the independence of the attesting CPA annually by the following criteria and reports the results of its evaluation to the Board of Directors:

(I) The Accountant's Independence Statement

(II) The audit services provided by the CPA are subject to prior review by the Audit Committee.

(III) The same CPA has not performed attesting services for more than five consecutive years.

(IV) Each year, the Company evaluates the attesting CPA's financial interests, business relationships, and employment relationships through the Accountant's Competency Questionnaire, and an evaluation report is compiled on the accountant's independence.

IX. For the Most Recent Year until the Publication Date of the Annual Report, the Transfer of Equity Interest and Change in Stock Pledge of Directors, Supervisors, managerial officers and Shareholders with Stake of 10% or More

(I) Changes of equity:

Unit: shares

Title	Name	2022		2023 up to May 2	
		Increase (decrease) in shares held	Increase (decrease) in shares pledged	Increase (decrease) in shares held	Increase (decrease) in shares pledged
Chairman	Ho, Chi-Cheng	-	-	-	-
Director / Major shareholder	Chang Sing Investment Co., Ltd. Representative: Chiu, Hsien Tung	-	-	-	-
Director / Major shareholder	Cheng Jade Enterprise Co., Ltd. Representative: Ho, Eugene Lawrence	-	-	-	-
Director	Ho, Chi-Chou	-	-	-	-
Director	Cheng, Chih-Fa	-	-	-	-
Director	Lai, Ching-Yuan	-	-	-	-

Title	Name	2022		2023 up to May 2	
		Increase (decrease) in shares held	Increase (decrease) in shares pledged	Increase (decrease) in shares held	Increase (decrease) in shares pledged
Independent director	Hsu, I-Ping	-	-	-	-
Independent director	Wang, Wen-Tsung	-	-	-	-
Independent director	Chang, Yuan-Lung	-	-	-	-
President	Ho, Eugene Lawrence	-	-	-	-
Vice President	Chu, Yuh-Ren	-	-	-	-
Financial Manager	Lu, Poju	-	-	-	-

(II) Share transfer where the counterparty is a related party: None.

(III) Share pledge where the counterparty is a related party: None.

X. Shareholding Ratio of Top 10 Shareholders and Their Affiliated Persons, Spouses, or Other Relatives within Two Degrees of Kinship

Date: May 2, 2023; Unit: Share; %

Name	Principal Spouse and child of minor age		Shareholdings of spouse and minor child(ren)		Shareholding under other person(s)		Top 10 Shareholders and Their Affiliated Persons, Spouses, or Other Relatives within Two Degrees of Kinship		Remarks
	Number of Shares	Percentage of shareholding	Number of Shares	Percentage of shareholding	Number of Shares	Percentage of shareholding	Name	Relationship	
Chang Sing Investment Co., Ltd.	13,691,032	12.79	-	-	-	-	-	-	None
Representative: Ho, Chi-Cheng	933,000	0.87	-	-	-	-	Cheng Jade Enterprise Co., Ltd.	Chairman being the same person	None
							Uranus Chemicals	Chairman being the same person	
							Ho, Chi-Cheng	Chairman	
Cheng Jade Enterprise Co., Ltd.	13,233,929	12.37	-	-	-	-	-	-	None

<table>
<tr><th rowspan="2">Name</th><th colspan="2">Principal
Spouse and child of minor age</th><th colspan="2">Shareholdings of spouse and minor child(ren)</th><th colspan="2">Shareholding under other person(s)</th><th colspan="2">Top 10 Shareholders and Their Affiliated Persons, Spouses, or Other Relatives within Two Degrees of Kinship</th><th rowspan="2">Remarks</th></tr>
<tr><th>Number of Shares</th><th>Percentage of shareholding</th><th>Number of Shares</th><th>Percentage of shareholding</th><th>Number of Shares</th><th>Percentage of shareholding</th><th>Name</th><th>Relationship</th></tr>
<tr><td rowspan="3">Representative: Ho, Chi-Cheng</td><td rowspan="3">933,000</td><td rowspan="3">0.87</td><td rowspan="3">-</td><td rowspan="3">-</td><td rowspan="3">-</td><td rowspan="3">-</td><td>Chang Sing Investment Co., Ltd.</td><td>Chairman being the same person</td><td rowspan="3">None</td></tr>
<tr><td>Uranus Chemicals</td><td>Chairman being the same person</td></tr>
<tr><td>Ho, Chi-Cheng</td><td>Chairman</td></tr>
<tr><td>Treasury Share-Specific Account, Coremax Corporation</td><td>1,425,000</td><td>1.33</td><td>-</td><td>-</td><td>-</td><td>-</td><td>-</td><td>-</td><td>None</td></tr>
<tr><td>TransGlobe Life Insurance Inc.</td><td>800,000</td><td>0.75</td><td>-</td><td>-</td><td>-</td><td>-</td><td>-</td><td>-</td><td>None</td></tr>
<tr><td>Representative: Huang, Su-Kuo</td><td>-</td><td>-</td><td>-</td><td>-</td><td>-</td><td>-</td><td>-</td><td>-</td><td>None</td></tr>
<tr><td>He, Mei-Fang</td><td>736,746</td><td>0.69</td><td>-</td><td>-</td><td>-</td><td>-</td><td>-</td><td>-</td><td>None</td></tr>
<tr><td>Xu,Yi-Min</td><td>736,000</td><td>0.69</td><td>-</td><td>-</td><td>-</td><td>-</td><td>-</td><td>-</td><td>None</td></tr>
<tr><td>Liu,Ruo-Wen</td><td>674,570</td><td>0.63</td><td>-</td><td>-</td><td>-</td><td>-</td><td>-</td><td>-</td><td>None</td></tr>
<tr><td>Uranus Chemicals Co., Ltd.</td><td>673,495</td><td>0.63</td><td>-</td><td>-</td><td>-</td><td>-</td><td>-</td><td>-</td><td>None</td></tr>
<tr><td rowspan="3">Representative: Ho, Chi-Cheng</td><td rowspan="3">933,000</td><td rowspan="3">0.87</td><td rowspan="3">-</td><td rowspan="3">-</td><td rowspan="3">-</td><td rowspan="3">-</td><td>Chang Sing Investment Co., Ltd.</td><td>Chairman being the same person</td><td rowspan="3">None</td></tr>
<tr><td>Cheng Jade Enterprise Co., Ltd.</td><td>Chairman being the same person</td></tr>
<tr><td>Ho, Chi-Cheng</td><td>Chairman</td></tr>
<tr><td>Ho, Chi-Chao</td><td>663,644</td><td>0.62</td><td>-</td><td>-</td><td>-</td><td>-</td><td>-</td><td>-</td><td>None</td></tr>
</table>

XI. Number of Shares and Consolidated Shareholding Percentage of Investee Company Held by the Company, Directors, Supervisors, and Managerial Officers of the Company, and Entities in which the Company has Direct or Indirect Controlling Interests

Total Shareholding

Date: May 2, 2023; Unit: thousand shares

Investees	Invested by the Company		Held by Directors, Supervisors, managerial officers, and directly/indirectly controlled entities		Aggregated investment	
	Number of Shares	Percentage of shareholding	Number of Shares	Percentage of shareholding	Number of Shares	Percentage of shareholding
Coremax (BVI) Corporation	9,658	100.00%	-	-	9,658	100.00%
Heng I Chemical Co., Ltd.	41,058	82.44%	618	1.24%	41,676	83.68%
Uranus Chemicals Co., Ltd.	39,8043	63.94%	3,912	6.28%	43,761	70.23%
CoreMax Ningbo Chemical Co., Ltd.	(Note 1)	100.00%	-	-	(Note 1)	100.00%
Coremax (Thailand) Co., Ltd.	70	100.00%	-	-	70	100.00%
CoreMax (Zhangzhou) Chemical Co., Ltd.	(Note 1)	82.00%	-	-	(Note 1)	100.00%
Jiangxi Tianjiang Materials Limited	(Note 1)	100.00%	-	-	(Note 1)	100.00%

Note 1: That investee is a limited company and thus no shares issued, without face value

Four. Fundraising

I. Company Capital and Shares

(I) Source of Share Capital

1. Share capital formation

Unit: NT$ (thousand); thousand shares

Year/Month	Issuance price (NT$)	Authorized capital		Paid-in capital		Remarks		
		Shares (thousand shares)	Amount (thousand)	Shares (thousand shares)	Amount (thousand)	Source of Share Capital	Property other than cash provided as capital contributions	Others
1992/06	10	2,000	20,000	500	5,000	Capital increase by cash	None	Note 1
1992/09	10	2,500	25,000	2,500	25,000	Capital increase by cash	None	Note 2
1993/01	10	5,000	50,000	5,000	50,000	Capital increase by cash	None	Note 3
1995/02	10	8,000	80,000	8,000	80,000	Capital increase by cash	None	Note 4
2000/12	10	11,000	110,000	11,000	110,000	Capital increase by cash	None	Note 5
2001/10	10	15,000	150,000	12,680	126,800	Capital increase by cash	None	Note 6
2001/10	10	15,000	150,000	14,000	140,000	Surplus transferred to a capital increase	None	Note 6
2003/05	10	20,000	200,000	16,800	168,000	Surplus transferred to a capital increase	None	Note 7
2004/06	10	21,840	218,400	21,840	218,400	Surplus transferred to a capital increase	None	Note 8
2004/12	15	26,840	268,400	26,840	268,400	Capital increase by cash	None	Note 9
2005/07	10	48,000	480,000	32,458	324,580	Surplus and employees' bonus transferred to a capital increase	None	Note 10
2007/07	10	48,000	480,000	34,081	340,809	Surplus transferred to a capital increase	None	Note 11
2008/07	10	48,000	480,000	36,666	366,666	Surplus and employees' bonus transferred to a capital increase	None	Note 12
2009/09	10	48,000	480,000	38,499	384,999	Surplus transferred to a capital increase	None	Note 13
2010/05	25	48,000	480,000	41,499	414,999	Capital increase by cash	None	Note 14
2011/07	33.99	48,000	480,000	44,499	444,999	Capital increased by cash via private placement	None	Note 15
2011/12	23	60,000	600,000	48,629	486,299	Capital increase by cash	None	Note 16
2012/09	-	120,000	1,200,000	48,629	486,299	Corporate bonds	None	Note 17
2013/10	10	120,000	1,200,000	51,061	510,614	Capital surplus transferred to a capital increase	None	Note 18
2014/05	19.40	120,000	1,200,000	51,417	514,171	Shares converted from corporate bond	None	Note 19

Year/Month	Issuance price (NT$)	Authorized capital		Paid-in capital		Remarks		
		Shares (thousand shares)	Amount (thousand)	Shares (thousand shares)	Amount (thousand)	Source of Share Capital	Property other than cash provided as capital contributions	Others
2014/08	19.10	120,000	1,200,000	51,458	514,583	Shares converted from corporate bond	None	Note 20
2014/12	19.10	120,000	1,200,000	58,421	584,216	Shares converted from corporate bond	None	Note 21
2015/04	19.10	120,000	1,200,000	61,636	616,363	Shares converted from corporate bond	None	Note 22
2015/05	18.80	120,000	1,200,000	68,437	684,373	Shares converted from corporate bond	None	Note 23
2015/08	18.80	120,000	1,200,000	70,264	702,646	Shares converted from corporate bond	None	Note 24
2016/02	18.80	120,000	1,200,000	73,964	739,644	Issuance of new shares for conversion	None	Note 25
2016/05	18.20	120,000	1,200,000	74,645	746,453	Shares converted from corporate bond	None	Note 26
2016/09	18.20	120,000	1,200,000	75,714	757,144	Shares converted from corporate bond	None	Note 27
2016/11	18.20	120,000	1,200,000	75,725	757,254	Shares converted from corporate bond	None	Note 28
2017/08	53.10	120,000	1,200,000	75,797	757,977	Shares converted from corporate bond	None	Note 29
2017/11	53.10	120,000	1,200,000	86,123	861,234	Shares converted from corporate bond	None	Note 30
2018/04	53.10	120,000	1,200,000	86,473	864,737	Shares converted from corporate bond	None	Note 31
2018/05	53.10	120,000	1,200,000	86,626	866,262	Shares converted from corporate bond	None	Note 32
2018/08	53.10	120,000	1,200,000	86,747	867,467	Shares converted from corporate bond	None	Note 33
2018/11	51.80	120,000	1,200,000	86,845	868,452	Shares converted from corporate bond	None	Note 34
2018/12	75.00	120,000	1,200,000	92,845	928,452	Capital increase by cash	None	Note 35
2019/04	51.80	120,000	1,200,000	92,941	929,417	Shares converted from corporate bond	None	Note 36
2019/05	51.40	120,000	1,200,000	93,029	930,293	Shares converted from corporate bond	None	Note 37
2021/03	50.00	120,000	1,200,000	103,029	1,030,293	Capital increase by cash	None	Note 38
2021/12	90.00	150,000	1,500,000	107,029	1,070,293	Capital increase by cash	None	Note 39

Note 1: The effective (approval) date of the capital increase and document no. is June 16, 1992, (81) Chien-San-Zi-Zhi No. 244737.

Note 2: The effective (approval) date of the capital increase and document no. is Sep 2, 1992, (81) Chien-San-Gen-Zhi No. 338667

Note 3: The effective (approval) date of the capital increase and document no. is Jan 5, 1993, Jing-Tou-Sheng (82)

Gong-Shang No. 0025.
Note 4: The effective (approval) date of the capital increase and document no. is Feb 13, 1995, Jing (84) Shang No. 101390.
Note 5: The effective (approval) date of the capital increase and document no. is December 15, 2000, Jing (089) Shang No. 0147030.
Note 6: The effective (approval) date of the capital increase and document no. is Oct 22, 2001 Jing (090) 09001399690
Note 7: The effective (approval) date of the capital increase and document no. is May 22, 2003, Jin-Shou-Shang-Zhi No. 09201158570.
Note 8: The effective (approval) date of the capital increase and document no. is June 14, 2004, Jin-Shou-Zhong-Zhi No. 0933224775.
Note 9: The effective (approval) date of the capital increase and document no. is Dec 15, 2004, Jin-Shou-Zhong-Zhi No. 09333184740.
Note 10: The effective (approval) date of the capital increase and document no. is July 11, 2005, Jin-Shou-Zhong-Zhi No. 09432420780.
Note 11: The effective (approval) date of the capital increase and document no. is July 17, 2007, Jin-Shou-Zhong-Zhi No. 09632446760.
Note 12: The effective (approval) date of the capital increase and document no. is July 14, 2008, Jin-Shou-Zhong-Zhi No. 09732634900.
Note 13: The effective (approval) date of the capital increase and document no. is Sep 9, 2009, Jin-Shou-Zhong-Zhi No. 09832981650.
Note 14: The effective (approval) date of the capital increase and document no. is May 20, 2010, Jin-Shou-Zhong-Zhi No. 09932061900.
Note 15: The effective (approval) date of the capital increase and document no. is August 18, 2011, Jin-Shou-Zhong-Zhi No. 10032405170.
Note 16: The effective (approval) date of the capital increase and document no. is Dec 12, 2011, Jin-Shou-Zhong-Zhi No. 10032868730.
Note 17: The effective (approval) date of the capital increase and document no. is Sep 7, 2012, Jin-Shou-Zhong-Zhi No. 10132472950.
Note 18: The effective (approval) date of the capital increase and document no. is Oct 7, 2013, Jin-Shou-Shang-Zhi No. 10201207370.
Note 19: The effective (approval) date of the capital increase and document no. is May 29. 2014, Jin-Shou-Shang-Zhi No. 10301095770.
Note 20: The effective (approval) date of the capital increase and document no. is Aug 4, 2014, Jin-Shou-Shang-Zhi No. 10301161220.
Note 21: The effective (approval) date of the capital increase and document no. is Dec 12, 2014, Jin-Shou-Shang-Zhi No. 10301244740.
Note 22: The effective (approval) date of the capital increase and document no. is April 1, 2015, Jin-Shou-Shang-Zhi No. 10401047230.
Note 23: The effective (approval) date of the capital increase and document no. is May 21, 2015, Jin-Shou-Shang-Zhi No. 10401097270.
Note 24: The effective (approval) date of the capital increase and document no. is Aug 26, 2015, Jin-Shou-Shang-Zhi No. 10401176750.
Note 25: The effective (approval) date of the capital increase and document no. is Feb 1, 2016, Jin-Shou-Shang-Zhi No. 10501020130.
Note 26: The effective (approval) date of the capital increase and document no. is May 27, 2016, Jin-Shou-Shang-Zhi No. 10501112410.
Note 27: The effective (approval) date of the capital increase and document no. is Sep 7, 2016, Jin-Shou-Shang-Zhi No. 10501217590.
Note 28: The effective (approval) date of the capital increase and document no. is Nov 11, 2016, Jin-Shou-Shang-Zhi No. 10501271160.
Note 29: The effective (approval) date of the capital increase and document no. is Aug 15, 2017, Jin-Shou-Shang-Zhi No. 10601114860.

Note 30: The effective (approval) date of the capital increase and document no. is Nov 20, 2017, Jin-Shou-Shang-Zhi No. 10601157590.
Note 31: The effective (approval) date of the capital increase and document no. is April 11, 2018, Jin-Shou-Shang-Zhi No. 10701031380.
Note 32: The effective (approval) date of the capital increase and document no. is May 9, 2018, Jin-Shou-Shang-Zhi No. 10701049330.
Note 33: The effective (approval) date of the capital increase and document no. is Aug 15, 2018, Jin-Shou-Shang-Zhi No. 10701101270.
Note 34: The effective (approval) date of the capital increase and document no. is Nov 28, 2018, Jin-Shou-Shang-Zhi No. 10701143080.
Note 35: The effective (approval) date of the capital increase and document no. is Dec 25, 2018, Jin-Shou-Shang-Zhi No. 10701160470.
Note 36: The effective (approval) date of the capital increase and document no. is April 3, 2019, Jin-Shou-Shang-Zhi No. 10801033810.
Note 37: The effective (approval) date of the capital increase and document no. is May 21, 2019, Jin-Shou-Shang-Zhi No. 10801058870.
Note 38: The effective (approval) date of the capital increase and document no. is March 8, 2021, Jin-Shou-Shang-Zhi No. 11001026500.
Note 39: The effective (approval) date of the capital increase and document no. is December 7, 2021, Jin-Shou-Shang-Zhi No. 11001222570.

2. Share type

Date: May 2, 2023; shares

Share type	Authorized capital					Remarks
	Outstanding shares		Treasury stock	Unissued shares	Total	
Common shares	Listed	Unlisted (Private placement of common stock)				
	102,454,269	3,150,000	1,425,000	42,970,731	150,000,000	Stock of publicly listed company

3. Information Related to Shelf Registration: None.

(II) Shareholder Structure

Date: May 2, 2023; shares

Shareholder Structure / Amount	Governmental agencies	Financial institutions	Other legal persons	Foreign institutions and foreigners	Individuals	Total
Number of people	-	4	191	71	42,258	42,524
shares held	-	1,567,000	30,453,020	1,540,293	73,468,956	107,029,269
Percentage of shareholding	0.00%	1.46%	28.45%	1.45%	68.64%	100.00%

(III) Share ownership distribution

1. Common shares

Date: May 2, 2023; shares

Range of Shareholding	Number of Shareholders	shares held	Percentage of shareholding
1 to 999	20,370	1,172,118	1.10%
1,000 to 5,000	19,874	34,355,715	32.10%
5,001 to 10,000	1,414	10,800,764	10.09%
10,001 to 15,000	348	4,396,765	4.11%
15,001 to 20,000	191	3,516,663	3.29%
20,001 to 30,000	141	3,601,886	3.37%
30,001 to 40,000	52	1,812,677	1.69%
40,001 to 50,000	33	1,524,532	1.42%
50,001 to 100,000	51	3,580,425	3.35%
100,001 to 200,000	23	2,983,930	2.79%
200,001 to 400,000	13	3,616,306	3.38%
400,001 to 600,000	3	1,456,385	1.36%
600,001 to 800,000	7	4,928,142	4.60%
800,001 to 1,000,000	1	933,000	0.87%
Over 1,000,001	3	28,349,961	26.48%
Total	42,524	107,029,269	100.00%

2. Preference share: None.

(IV) List of Major Shareholders

Date: May 2, 2023; shares

Shares / Name of Major Shareholder	shares held	Percentage of shareholding
Chang Sing Investment Co., Ltd.	13,691,032	12.79%
Cheng Jade Enterprise Co., Ltd.	13,233,929	12.37%
Treasury Share-Specific Account, Coremax Corporation	1,425,000	1.33%
Ho, Chi-Cheng	933,000	0.87%
TransGlobe Life Insurance Inc.	800,000	0.75%
He, Mei-Fang	736,746	0.69%
Xu,Yi-Min	736,000	0.69%
Liu,Ruo-Wen	674,570	0.63%
Uranus Chemicals Co., Ltd.	673495	0.63%
Ho, Chi-Chao	663,644	0.62%

(V) Market share price, net worth, earnings, dividend and relevant information for the most recent two years

Unit: thousand shares; NT$

Item \ Year			2021	2022
Stock price per share	Highest		176.5	168.50
	Lowest		57.7	81.8
	Average		101.65	123.33
Net value per share	Prior to distribution		44.70	47.33
	After distribution		41.70	(Note 4)
Earnings per share (EPS)	Weighted average outstanding shares		99,137	104,391
	Earnings per share (EPS)		4.67	4.72
Dividend per share	Cash dividends		3.0	(Note 4)
	Bonus shares	From earnings	-	-
		From capital reserves	-	-
	Cumulative unpaid dividends		-	-
ROI Analysis	Price-earnings (P/E) ratio (Note 1)		21.77	26.13
	Price-dividend (P/D) ratio (Note 2)		33.88	(Note 4)
	Cash dividend yield (Note 3)		2.95	(Note 4)

Note 1: Price-earnings ratio = average closing price for the year / earnings per share.
Note 2: Price-dividend ratio = average closing price for the year / cash dividend per share.
Note 3: Dividend yield = cash dividend per share / average closing price for the year.
Note 4: The figures of earning distribution have been approved by the Board of Directors, and to be concluded upon the resolution of the shareholders' meeting.

(VI) The Company's Dividend Policy and Implementation Status:

1. Pursuant to the dividend policy set for in Article 28 of the Articles of Incorporation

If there is a surplus in the Company's annual settlement, tax shall be paid as required by laws. After offsetting the accumulated losses, another 10% shall be appropriated as the legal reserve. However, when the legal reserve has reached the Company's paid-in capital, the appropriation may be exempted; and the rest shall be appropriated or reversed as the special reserve pursuant to laws and regulations; if there is a balance, with the accumulated undistributed surplus, the Board of Directors shall propose a profit distribution and submit to the shareholders meeting to resolve the distribution of dividends to shareholders.

Because the Company is still in the growth stage, there will be capital needs for expansion of production lines and increased investment in the next few years. Based on capital expenditures, business expansion, and sound financial planning, the Company seeks stable development. Based on the distributable profit in the preceding paragraph, more than 10% of dividends may be distributed to shareholders, but when the distributable profit is less than 30% of the paid-up share capital, it may not be distributed; when the Company distributes stock dividends and cash dividends at the same time, the cash dividend distributions shall be no less than 20% of the total dividends distributable to the shareholders.

2. The proposed distribution of dividends

   The proposed dividend is to be paid in cash in the amount of NT$316,813 thousand from the FY2022 earnings, with the dividends for each share proposed to be paid in cash in the amount of NT$3. The proposed dividend has been approved by the Board of Directors on March 1, 2023, and is proposed to be submitted to the shareholders' meeting for approval.

(VII) The impact on the operating performance of the Company and earnings per share by the proposal of the Shareholders' Meeting to issue bonus shares: Not applicable.

(VIII) Employees Bonus and Directors Remuneration

1. Employees' and directors' compensation policies as stated in the Articles of Incorporation:

   If there is a profit in the year, the Company shall allocate no less than 1.5% of the profit as employees' remuneration. The remuneration to employees will be distributed in shares or cash by a resolution made by the board of directors. Employees in subordinate companies who meet certain criteria are entitled to receive remuneration. The Company may have the Board of Directors resolve to appropriate no more than 5% of the aforementioned amount as the directors' remuneration. The distribution of employees' and directors' remunerations shall be reported in the Shareholders' Meeting.

   Where there is an accumulated loss, the profit shall be reserved to make up for the loss before appropriating the employees' and directors' remunerations.

2. The estimation basis of the remuneration for employees, and Directors for the current period, the computation basis for employees' remuneration distributed in shares, and accounting treatments for any discrepancies between the amounts estimated and the amounts disbursed:

   In case that any difference occurs, it will be treated as the difference of accounting estimates of the year when the shareholders' meeting is resolved.

3. Remuneration proposals approved by the Board of Directors:

   (1) The Company approved the distribution in the Board meeting on March 3,

2023. The employee remuneration for 2022 was NT$10,500 thousand and director remuneration would not be distributed.

(2) The amount of employee remuneration distributed by shares and its proportion to the sum of parent company-only or individual financial statement net profit after-tax and total employee remuneration for the current period: Not applicable.

4. Actual disbursement of employee bonus and remuneration to Directors for the preceding year (including employee stocks, cash disbursement and share prices). In circumstances where any differences between the actual distributed and recognized amount, the difference, reasons and handling of such matter shall be stated as follows:
   On February 25, 2022, the Board of Directors approved NT$8,800 thousand of employee remuneration for FY2021, which would be paid in cash and the remuneration of directors and supervisors would not be distributed. There is no difference between the actual distribution situation and the amount approved by the Board of Directors.

(IX) Share Repurchase by the Company

Count of share repurchase	First
Objective of repurchase	Transfer shares to employees
Buyback period:	March 19, 2020 to May 18, 2020
Price bracket of shares repurchased	NT$25.41-91.73 per share
Type and number of shares repurchased	2,025,000 common shares
Amount of shares repurchased	NT$115,747,975
Amount of shares repurchased to estimated number of shares repurchased (%)	50.63%
Shares written-off and transferred	600,000 Shares (Note)
Cumulative shares of the Company held	1,425,000 shares
Cumulative shares of the Company held Ratio of total outstanding shares (%)	1.33%

Note: The transfer of treasury stock to employees in 2021 occurred on November 18, 2021.

II. Issuance of corporate bonds (offshore corporate bonds included):

(I) Corporate Debt of the Company

Corporate bonds	Third secured corporate bonds
Issue date	2021/10/28
Nominal	NT$100,000
Issuance and Trading Location	R.O.C.
Issue price	Issued at nominal value
Total	NT$700 million
Interest rate	0%
Maturity	5 years Maturity date: October 28, 2026
Guarantor	Chang Hwa Commercial Bank, Ltd.
Trustee	Mega International Commercial Bank Trust Department
Underwriter	Fubon Securities Co., Ltd.
Verification by legal counsel	Hwecker Law Firm Huang, Tai-Yuan, Attorney at Law
CPA	KPMG in Taiwan Accountants Yu, Wan-Yuan and Yu, Chi-Lung
Repayment method	The bond of the Company may be converted into shares of our common stock at the conversion price in lieu of principal repayment from the day after the first month from the issue date until 10 days before the maturity date.
Outstanding principal	NT$700 million
Terms of Redemption or Early Settlement	Carried out according to Article 18 of the Company’s Regulations Governing the Issuance and Conversion of Corporate Bonds
Covenants	None
Credit rating agency name, rating date, and Corporate Bond Rating Results	None

<table>
<tr><td colspan="2">Corporate bonds</td><td>Third secured corporate bonds</td></tr>
<tr><td rowspan="2">Other appended rights</td><td>Amount of ordinary shares, overseas depositary receipts or other marketable securities converted (exchanged or warrants) as of the date of printing of the annual report</td><td>As of April 2, 2023, bondholders applied for conversion of 0 shares of common stock with a nominal value of NT$10 per share.</td></tr>
<tr><td>Issuance and Conversion (Exchange or Stock Purchase)</td><td>are carried out in accordance with the "Regulations Governing the Issuance and Conversion of Corporate Bonds" of the Company</td></tr>
<tr><td colspan="2">The method of issuance and conversion, exchange or stock options, the possible dilution of shareholdings by the terms of issuance and the effect on the interests of existing shareholders</td><td>No material impact</td></tr>
<tr><td colspan="2">Name of the custodial institute for the exchange of the subject</td><td>None.</td></tr>
</table>

(II) Conversion of Corporate Bonds

<table>
<tr><td colspan="2">Corporate bonds</td><td colspan="3">Third Secured Convertible Corporate Bonds</td></tr>
<tr><td colspan="2">Year
Item</td><td>2021</td><td>2022</td><td>2023 up to May 2</td></tr>
<tr><td rowspan="3">Market value of convertible corporate bonds</td><td>Highest</td><td>161.00</td><td>158.00</td><td>114,95</td></tr>
<tr><td>Lowest</td><td>127.60</td><td>109.20</td><td>106,55</td></tr>
<tr><td>Average</td><td>149.47</td><td>140.89</td><td>109.83</td></tr>
<tr><td colspan="2">Conversion price</td><td colspan="3">108.50</td></tr>
<tr><td colspan="2">Issue date</td><td colspan="3">October 28, 2021</td></tr>
<tr><td colspan="2">Conversion price at issuance</td><td colspan="3">110.00</td></tr>
<tr><td colspan="2">Method for exercising conversion obligations</td><td colspan="3">Issuance of new shares</td></tr>
</table>

III. Preferred shares: None.

IV. Global depository receipts: None.

V. Subscription of warrants for employee: None.

VI. New employee restricted shares: None.

VII. Issuance of new shares regarding acquisitions of the other companies:
None.

VIII. Implementation of the company's capital allocation plans: None.

Five. Overview of Business Operations

I. Business Activities

(I) Business Activities

1. Business scope

(1) The Company's business scope:

A. Basic Chemical Industrial
B. Other Chemical Materials Manufacturing
C. Industrial and Additive Manufacturing
D. Wholesale of Industrial Catalyst
E. Wholesale of Chemical Feedstock
F. Wholesale of Other Chemical Products
G. Retail Sale of Industrial Catalyst
H. Retail Sale of Chemical Feedstock
I. Retail Sale of Other Chemical Products
J. Electronics Components Manufacturing
K. Manufacture of Batteries and Accumulators
L. Fertilizer Manufacturing
M. Environmental Agents Manufacturing
N. Cosmetics Manufacturing
O. International Trade
P. Precision Chemical Material Manufacturing
Q. Waste Disposing
R. Waste Treatment
S. Wholesale of Fertilizer
T. Wholesale of Environmental Agents
U. Wholesale of Cosmetics
V. Retail Sale of Fertilizer
W. Retail Sale of Environmental Agents
X. Retail Sale of Cosmetics
Y. Synthetic manufacturing and domestic and foreign sales of oxalic acid
Z. Manufacturing and trading of organic, inorganic acids and other salts
AA. Manufacturing and trading of rare earths compounds and their crystals (except metals)

AB. All business items that are not prohibited or restricted by law, except those subject to special approval.

(2) Business weight of major products:

Unit: NT$ (thousand)

Year / Product	2022	
	Net operating revenue	Weight (%)
Oxidation catalysts	1,449,935	15.97%
Power battery materials	5,367,867	59.11%
Fertilizers	398,006	4.38%
Specialty chemical materials	1,545,660	17.02%
Others	320,153	3.52%
Total	9,081,621	100.00%

(3) Current product (service) range

The Company's major products are categorized by product and industry into the following five categories:

① Oxidation catalysts

A. Cobalt acetate crystal/solution

B. Manganese acetate crystal/solution

C. Cobalt manganese acetate solution

D. Cobalt manganese acetate (bromine) solution

E. Cobalt bromide solution

F. Manganese bromide solution

G. Recover the cobalt, manganese and bromine acetate solution

② Power battery materials

A. Nickel sulfate crystals

B. Cobalt sulfate crystallization

C. Electronic grade cobalt oxide

D. Battery grade cobalt oxide

E. Battery grade cobalt hydroxide

③ Fertilizer

A. Straight fertilizer

B. Compound fertilizer

C. Contains organic compound fertilizer

④ Specialty chemical materials

A. Ceramic grade cobalt manganese oxide

B. Ceramic grade cobalt oxide

C. 98% sulfuric acid

D. Electronic grade sulfuric acid

E. Oxalic acid aqueous solution

F. Chromium etching solution

G. Potassium hydroxide/sodium hydroxide

H. Cerium ammonium nitrate

I. Sodium carbonate

J. Stannous chloride

K. Oxalic acid

⑤ Other chemicals

A. Reclaimed waste sulfuric acid

(4) New products development (service)

① Help customers establish highly efficient catalyst recovery systems

② R&D of new products:

Develop new specifications to help customers improve their product characteristics and further expand the market.

③ Continue to develop cathode raw materials for secondary lithium batteries:

The Company is already mass producing and shipping its secondary lithium battery cathode raw materials and is currently cooperating with secondary lithium battery manufacturers to develop next-generation cathode materials.

④ Reclaim waste sulfuric acid

⑤ Develop battery material circular economy services

2. Industry overview

(1) Current and future industry prospects

The Company is mainly engaged in the research, development, manufacturing, and sales of oxidation catalysts and power battery materials. Its subsidiaries Heng I Chemical Co., Ltd. (hereinafter Heng I Chemical) and Uranus Chemicals Co., Ltd. (hereinafter Uranus Chemicals) focus on producing chemical fertilizers, chemical raw materials, and oxalic acid, respectively. The following describes the industry overview of the Company and its subsidiaries' main products, namely oxidation catalysts, power battery materials, fertilizers, and specialty chemical materials:

① Oxidation catalysts

The Company's oxidation catalyst is used in the chemical fiber industry. The main products are cobalt manganese acetate (bromine) solution, crystalline cobalt acetate, and manganese acetate. Cobalt manganese acetate (bromine) solution is an important catalyst raw material for the production of purified terephthalic acid (PTA) and is the main catalyst material sold by the Company; crystalline cobalt acetate and manganese acetate may also be used alone as a whitening agent and catalyst in the polyester process and are indispensable upstream raw materials for the polyester chemical fiber industry.

PTA is a derivative product of aromatic hydrocarbons and an important monomer of petrochemical raw materials. It is a petrochemical intermediate, and para-xylene (PX) is the main raw material. The PTA is obtained from oxidizing the mixture of PX, acetic acid, and catalyst solvent under high temperature and appropriate pressure, catalyzing with pure water and catalyst to react with hydrogen, and then purifying and refining through a series of crystallization and separation processes. In the PTA process, the catalyst plays a role in speeding up the reaction and improving production quality; it is also an indispensable raw material for the PTA process. Therefore, the supply and demand situation of the PTA industry closely influences the market demand for oxidation catalysts.

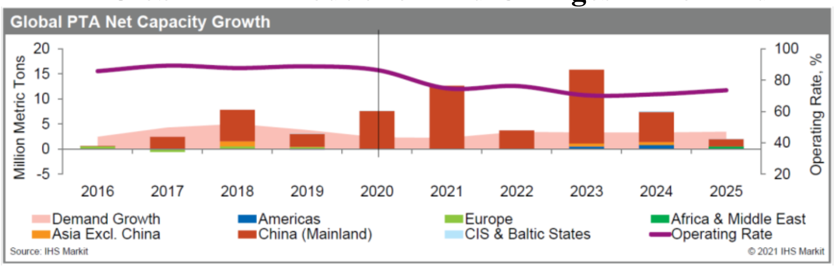
According to the IEK industry report, more than 90% of the world's PTA is used to produce polyethylene terephthalate (i.e., polyester; polyester or PET) materials, which is an important raw material for the synthetic fiber industry. Polyester is produced by the polymerization of PTA and ethylene glycol (EG). It is then processed to produce polyester fiber or polyester pellets. Currently, the PTA produced is mainly used to produce polyester fibers for manufacturing non-woven fabrics, ready-to-wear materials, tire cords, and car seat belts. In contrast, polyester pellets are used in PET bottles, polyester films, audio-video equipment, medical X-ray films, and packaging materials, among other things.

(A) Overview of the global PTA industry

Currently, the world's PTA supply sources are mainly located in China, Taiwan, South Korea, and other Southeast Asian countries; in particular, China is No.1 in the world in terms of capacity and consumption. With China's economic growth, the demand for PTA has risen sharply yearly. At that time, the high profits, high growth, and supply-demand gap attracted a massive investment and expansion boom, and thus the total capacity far exceeded that of other countries.

With the massive expansion of production in China in recent years, the global supply of PTA has increased dramatically, exceeding the total global demand, resulting in excess capacity. Still, PTA is an important raw material for polyester production and is widely used in textiles, packaging, electronics, construction, and other products for everyday life. The IEK research report published by ITRI pointed out that, due to the epidemic's impact in 2020, industrial packaging materials such as agricultural bags, bottles, and cans saw a surge in demand; the global demand for polyester grew, pushing up the market demand for PTA. The research institute 360 Research Reports predicted that the global PTA output value will grow at a compound annual growth rate of 2.8% up to 2025 and reach US$47.2 billion in 2025.

Global PTA Production and Changes in Demand



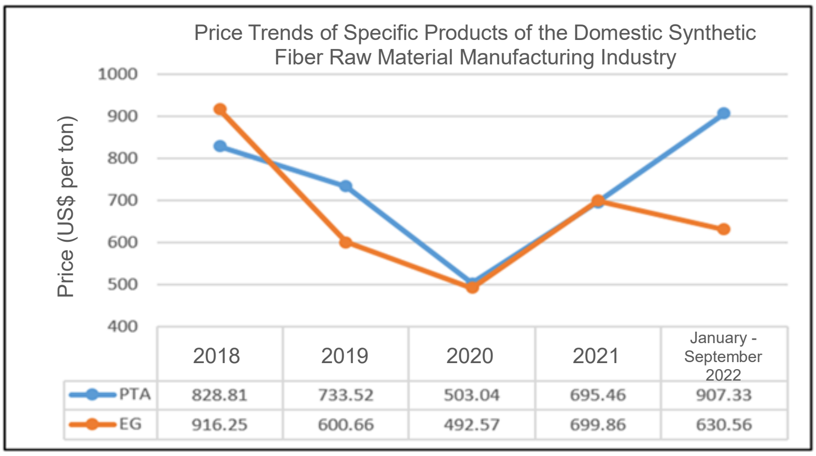
Source: WPC2021; collated by IEK (2021)

(B) Overview of the domestic PTA industry

The domestic PTA leaders are Formosa Chemicals & Fibre Corporation (stock code: 1326, FCFC), Oriental Petrochemical (Taiwan) Co., Ltd., and China American Petrochemical Co., Ltd. In recent years, due to the rapid increase in China's capacity and the slowdown in market demand for PTA, major domestic PTA manufacturers have responded to the market's excess supply by reducing production and closing plants.

According to the Taiwan Industry Economics Services, in terms of domestic bulk petrochemical raw materials as a whole, even though EG and PTA are both raw materials for producing polyester fiber and pellets, there is a significant gap in prices because the EG process is relatively easier and it costs less to make. On the other hand, the low exports and high-self sufficiency of PTA in Taiwan have lowered the global market impact on PTA prices. In light of the insufficient profit margin of the upstream raw material PX, Japanese and South Korean companies have reduced PX production since 2022. These factors have helped improve the imbalance between supply and demand and drove the continued rise of PTA quotations in the first half of 2022. From January to September, the annual growth rate of PTA quotations, on average, reached 32.24%, supporting a near 20% boost in the overall PTA output value. PTA was the only product among synthetic fiber raw materials that maintained growth.

Price Trends of Specific Products of the Domestic Synthetic Fiber Raw Material Manufacturing Industry

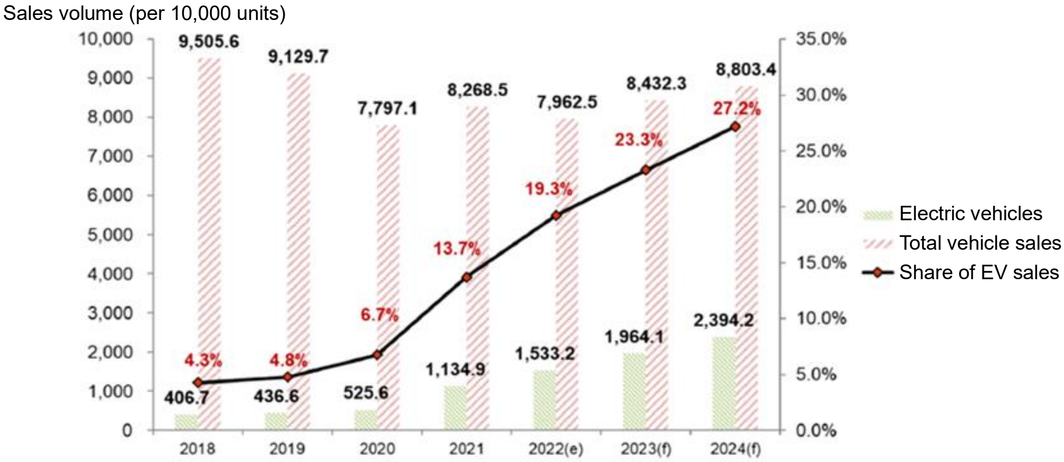


Source: Taiwan Industry Economics Services, collated by Grand Fortune Securities

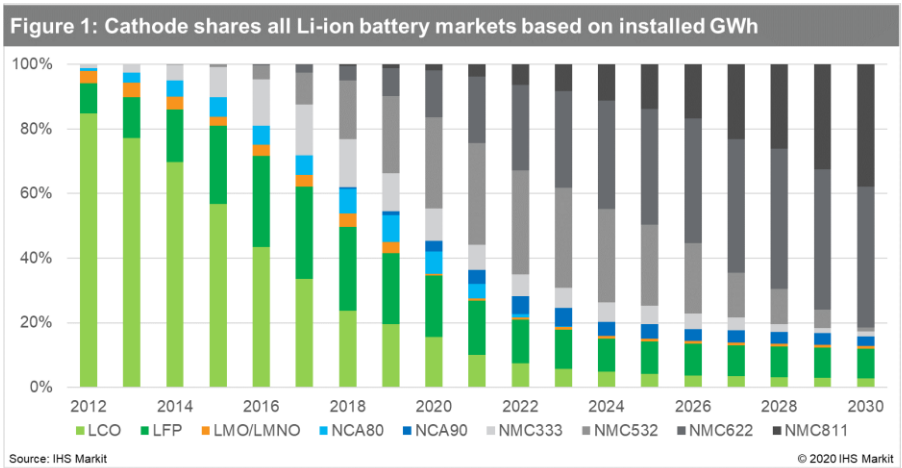
② Power battery materials

In recent years, the world has paid increasing attention to environmental protection; 171 countries have signed the Paris Agreement, which aims to reduce emissions by 40% on average from 2015 to 2025. The goal will be challenging if fuel vehicles remain the main form of transport. Therefore, hybrid vehicles (HEV) or pure electric vehicles (EV) are the future trends of vehicle development. Countries are gradually implementing the target time frame and subsidy schemes for fully electrifying newly sold vehicles. From 2021, European rules provide that if a car manufacturer fails to meet the average of 95 grams of CO_2 emissions per kilometer in Europe, a fine of 95 euros multiplied by the sales volume will be imposed for every gram over the standard. Under the pressure of fines, car manufacturers are actively developing and launching electric vehicles. According to statistics from the Industry, Science and Technology International Strategy Center (IEK) of the Industrial Technology Research Institute (ITRI), EV sales in Germany, France, and the United Kingdom benefited from subsidies in 2020, driving a sales growth rate of over 100%. Global EV production is estimated to reach 50 million units by 2040, totaling US$2.1 trillion.

Overview of global electric vehicle sales volume and share in recent years



Source: collated by IEK (2022/11), collated by Grand Fortune Securities

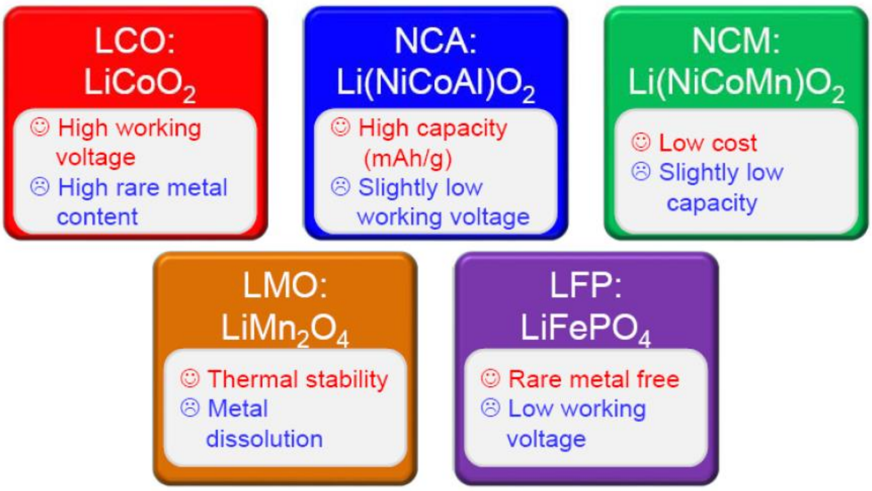


Source: IHS Markit

The power battery is a battery specifically used for new energy vehicles. It still accounts for 35% to 40% of the total cost of an electric vehicle and is directly correlated to the full price of the vehicle. In addition, battery performance directly affects the range of the vehicle, and battery charging efficiency and the ability to withstand extreme environments are important factors for consumers to consider; higher energy and power density requirements make EV batteries a vital issue for vehicle manufacturers and more and more battery suppliers are involved in the development of better EV batteries. EVs require much more power from batteries than consumer electronics, which has driven exponential demand for lithium batteries.

At present, mainstream EV batteries generally adopt relatively mature lithium-ion technology. Conduction in lithium batteries is through lithium electrons. The key raw materials used in lithium-ion batteries are cathode materials, electrolytes, anodes, and separators. The mainstream cathode materials of lithium-ion batteries in the market can be divided into lithium cobalt batteries (LCO), lithium manganese batteries (LMO), ternary lithium nickel cobalt aluminum batteries (NCA), ternary nickel cobalt manganese batteries (NCM), and lithium iron phosphate batteries (LFP), of which ternary lithium-ion batteries occupy a dominant position in the EV battery market with a share of 6-7%. Power battery modules still account for 40% to 50% of the total cost of an electric vehicle, directly affecting the price of the vehicle. It has pushed mid-to-high-end car models to adopt high-nickel content and energy-density batteries because they perform better and cost less. The EV battery materials produced by the Company are mainly used in NCA, NCM, and high-nickel content cathode materials.

Comparison of the characteristics of lithium battery cathode materials

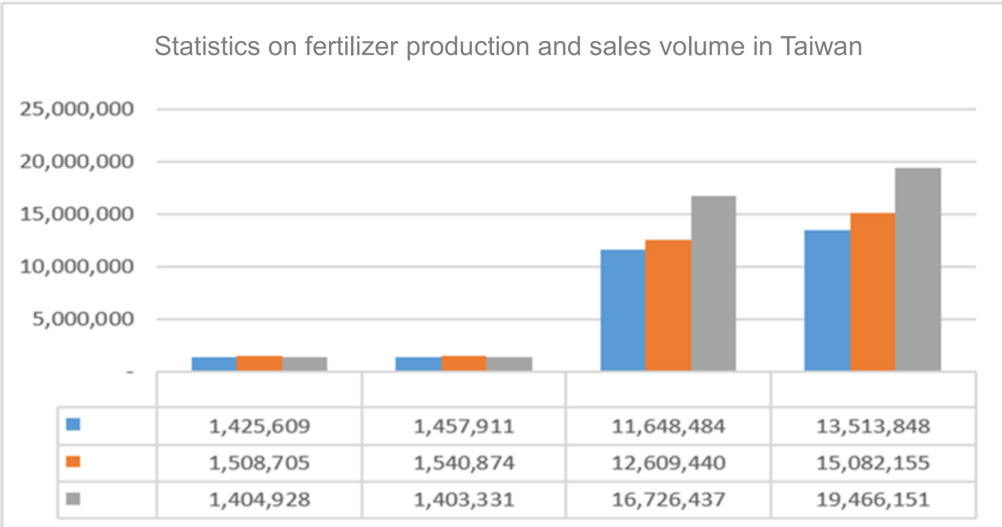


Source: Panasonic

According to the Yano Research Institute, the market size of lithium battery cathode materials increased by 8.5% to US$12.507 billion in 2020 due to the demand for electric vehicles in China and Europe. Automotive demand will continue to be the driving force behind the growth of the lithium-ion battery materials market after 2021. The anode materials market is expected to grow by 18.0% annually to US$14.759 billion in 2021 and expand to US$25.273 billion in 2025.

③ Fertilizer

Fertilizers are divided into straight fertilizers and compound fertilizers. Straight fertilizers are made from a single nitrogen, phosphorus, or potassium component, such as urea, ammonium sulfate, potassium chloride, potassium sulfate, and calcium superphosphate. Compound fertilizers are made from a mixture of nitrogen, phosphorus, and potassium, and different compound fertilizers are used according to the needs of planting crops, soil, and nutrients.



■ (blue)	1,425,609	1,457,911	11,648,484	13,513,848
■ (orange)	1,508,705	1,540,874	12,609,440	15,082,155
■ (grey)	1,404,928	1,403,331	16,726,437	19,466,151

Source: statistics of the Industrial Production, Shipment & Inventory Statistics Survey of the Department of Statistics of the Ministry of Economic Affairs; collated by Grand Fortune Securities

In 2021, domestic demand for fertilizers declined due to irrigation suspension measures in some areas caused by the tight water supply in Taiwan and the influence of the domestic policy of moderating fertilizer application. But there was still demand for chemical fertilizers, so their production and sales were stable overall. The Russia-Ukraine war has impacted the global fertilizer supply chain since 2022. As Russia is a major exporter of fertilizer, the outbreak of the war led to a sharp drop in exports from Russia. At the same time, the impact of skyrocketing natural gas prices on the operating costs of fertilizer plants in Europe forced them to reduce production, which exacerbated the worldwide fertilizer shortage and pushed fertilizer prices higher. According to the statistics of the Industrial Production, Sales, and Inventory Dynamics Survey of the Department of Statistics of the Ministry of Economic Affairs, the sales value of Taiwan's fertilizers will increase by NT$4,383,996 thousand in 2022, a 29.07% increase over 2021. Overall, the industry is showing an upward trend.

④ Specialty chemicals and others

The main specialty chemical materials produced by the Company include sulfuric acid, cobalt hydroxide, and oxalic acid.

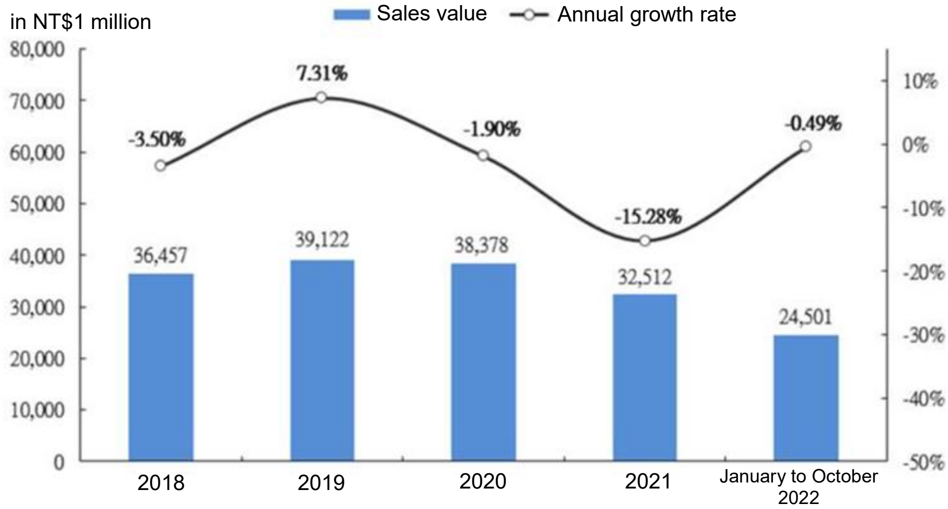
(A) Sulfuric acid

Heng I Chemical, a subsidiary of the Company, is engaged in the recovery of 98% sulfuric acid, electronic-grade sulfuric acid, and waste sulfuric acid and can self-produce and sell sulfuric acid. In recent years, the dumping of imported sulfuric acid has impacted the price of sulfuric acid in the domestic market. Because the price wars of imported sulfuric acid cannot be weathered, the Company has developed electronic-grade sulfuric acid to avoid the red ocean of aggressive price cutting. Compared with 98% sulfuric acid, electronic-grade sulfuric acid is mainly used for cleaning, exposure, and corrosion of silicon wafers, corrosion of printed circuit boards, and electroplating cleaning, which is more technically difficult to produce. Its advantages include higher production process safety, higher product purity, and lower impurity ion content, making it more suitable for producing semiconductor circuits.

(B) Cobalt hydroxide

The cobalt hydroxide products produced by the Company are not only used as raw materials for secondary lithium-ion battery cathode materials, but also are the main chemical materials of metal carboxylates, which are used as adhesion promoters for rubber and steel wire belts in the tire industry, so they are closely related to the production and sales of the tire market.

Taiwan's tire manufacturing industry sales value changes and trend



Source: Tape data of the Industrial Production Statistics of MOEA, collated by Taiwan Industry Economics Services; December 2022.

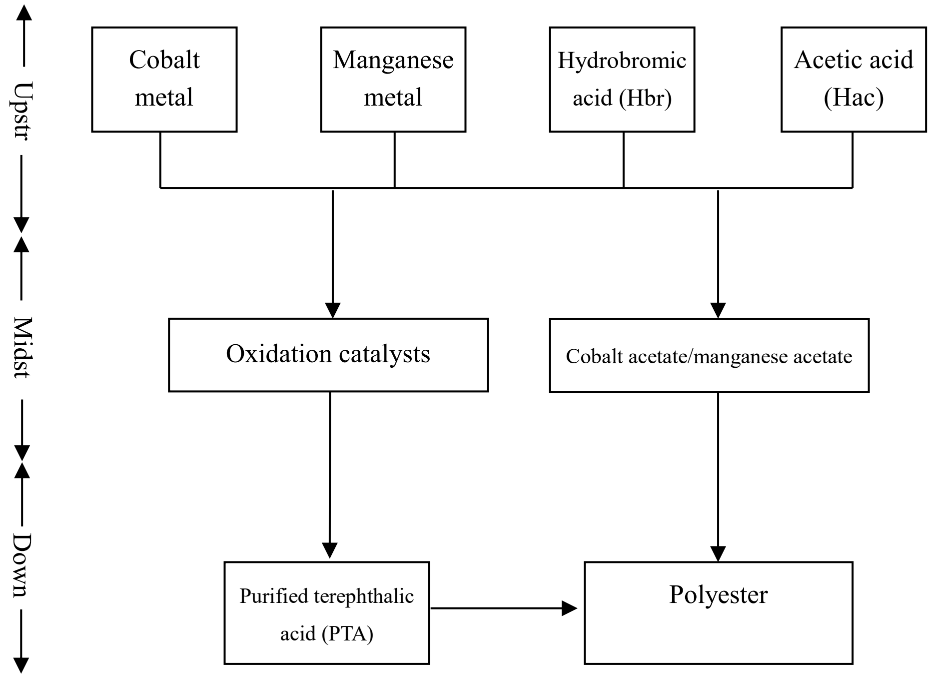
In recent years, the United States International Trade Commission (ITC) and U.S. Department of Commerce opened an investigation into the dumping of passenger car and light truck tires from Taiwan. The preliminary results were released at the end of December 2020. High tariffs were levied on Taiwan’s tire industry unexpectedly, resulting in a significant decline in tire export to the U.S. from 2021 and a slight decline in the industry’s overall sales volume. However, the successful development of overseas markets such as Japan, Australia, and Mexico in recent years, coupled with the resurgence of the car market and other favorable factors indicate that the tire industry will recover and stabilize.

(C) Oxalic acid

The oxalic acid produced by the Company's subsidiary, Uranus Chemicals, is divided into industrial and refined oxalic acid. Industrial oxalic acid is used in pharmaceuticals, separation and purification of rare earth elements, fine chemicals, and textile printing and dyeing. On the other hand, refined oxalic acid is the high-purity oxalic acid product generated by refining industrial oxalic acid. It is used in PTA catalyst recovery, circuit and electronic product cleaning, cobalt salts, electronic ceramics, magnetic materials, alloy powder materials, and lithium battery cathode materials.

(2) Links between the upstream, midstream, and downstream segments of the industry

① Oxidation catalysts



(A) Upstream industry

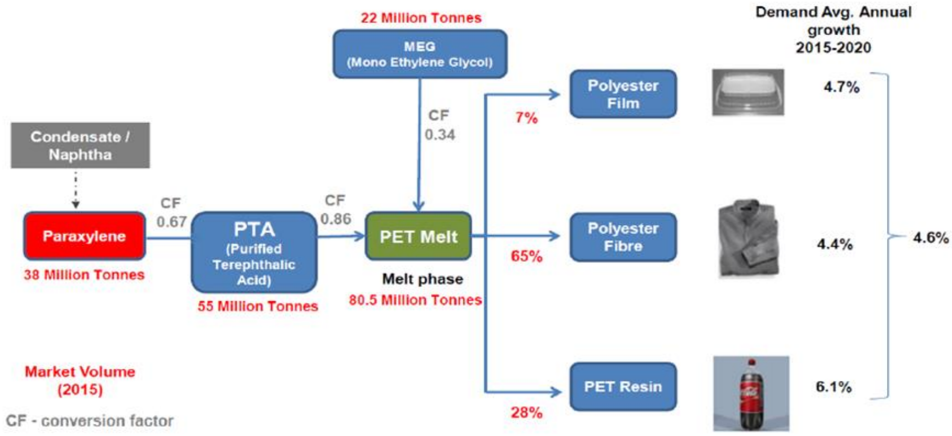
The raw materials for producing oxidation catalysts are mainly cobalt metal, manganese metal, hydrobromic acid, and acetic acid. The main products are cobalt manganese acetate (bromine) solution and crystalline cobalt acetate and manganese acetate. Since there are no domestic mineral resources of cobalt and manganese metal, the raw materials must be completely imported. The global cobalt metals are mainly distributed in Africa (Congo, Zambia, Morocco), Australia, and China. The cobalt metal is obtained through extracting from nickel ore and copper ore, with only about 2% content. The risk of this raw material is a supply issue. If the raw material is purchased from a single or minimal number of suppliers, the unexpected suspension and annual services of their plants may result in insufficient supply; the fluctuations in crude prices and petrochemical raw materials prices will also directly affect the price of PX, the upstream raw material of PTA, and therefore also affect the cost of PTA's raw materials.

(B) Midstream industry

90% of the global PTA is used in the production of PET. PET is processed into polyester fiber or pelletized into polyester pellets. The main operational risks of PTA are the supply and demand in the international market and foreign anti-dumping investigations. In recent years, China has released significant PTA capacity, which has caused a severe imbalance between supply and demand in the global market and squeezed out the output of Taiwan's PTA suppliers. The joint production reduction strategy implemented by large Chinese manufacturers in recent years and the suspension of work of certain PTA companies for unknown reasons in 2015 mitigated the problem of PTA supply imbalances that affected both upstream and downstream industries. In a nutshell, the PTA industry is deeply affected by the international market's supply and demand situation, and anti-dumping investigations by any country will directly affect the production and sales of Taiwan's PTA industry.

(C) Downstream industry

PTA downstream application



Source: ICIS ; ITRI IEK (105/09)

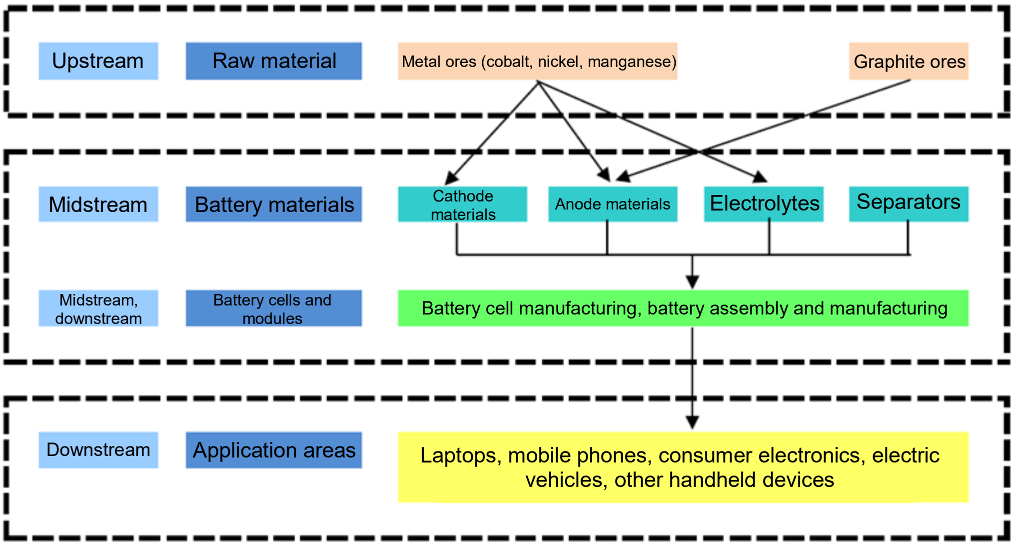
PET is divided into two categories: polyester fiber and polyester pellets. Polyester fibers are mainly used to produce civilian clothing, non-woven fabrics, ready-to-wear materials, tire cords, and car seat belts. In contrast, polyester pellets are used in PET bottles, polyester films, media audio-video equipment, medical X-ray films, and packaging materials.

Downstream products provide enormous demands for PTA raw materials. If the downstream industry expands production, the upstream and midstream demand for PTA will increase. For example, the recovery of the Vietnamese textile industry in 2016 drove the import demand for raw materials in the upstream and midstream. Still, if the domestic downstream processing industry moves abroad, it will also directly affect the demand for domestic raw materials.

Based on the research report of the Industrial Economics Database of the Taiwan Institute of Economic Research, it is expected that the orders from downstream apparel brands will show a slight increase, which will help to drive the demand of the textile industry. In addition, industry players are actively deploying high-value-added processed silk products, so the need for functionality and processed silk products with particular specifications is expected to grow optimistically. It will also help the demand for upstream and midstream raw materials.

② Power battery materials

Battery Materials Industry Structure



Source: collated by Grand Fortune Securities

(A) Upstream industry

The raw materials required for cathode materials are mainly mineral resources such as cobalt metal, nickel metal, manganese metal, and iron metal, which are mainly concentrated in Africa, Australia, and South America. Among them, the Company's primarily purchases cobalt metal and nickel metal raw materials. As all domestic raw materials must rely on imports, the operational risk is the price fluctuation in the international raw materials market. The Company maintains a good relationship with suppliers and signs supply contracts. Purchasing from the spot market will make up for insufficient quantities. There are currently no risks that could affect operations.

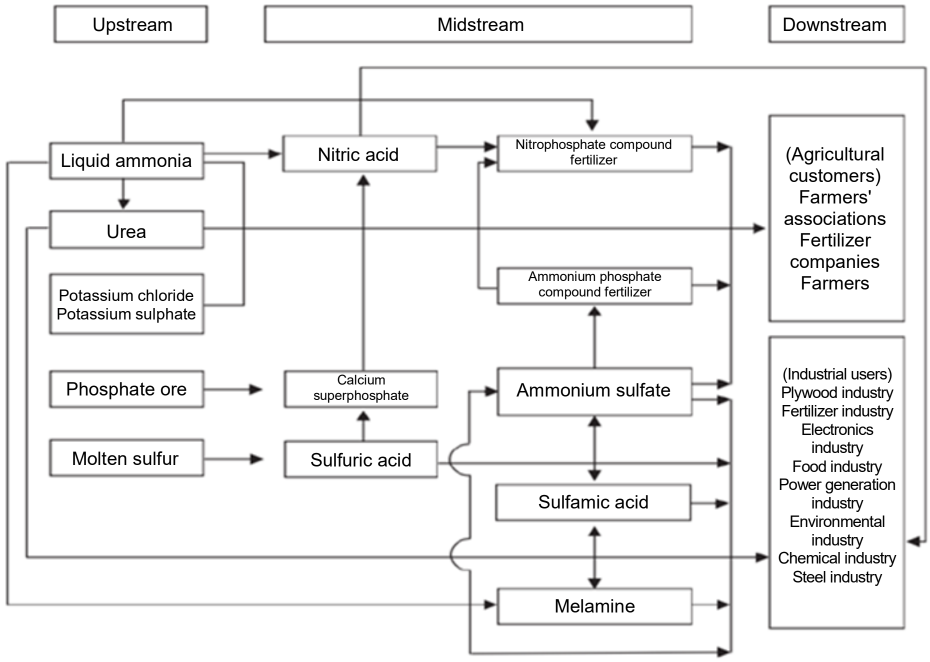
(B) Midstream industry

The midstream products of the battery materials include battery cell modules, power component modules, battery charging systems, power motor modules, vehicle electrical component modules, smart vehicle electrical systems and other components, battery systems, and power supply-related and other peripheral components. As lithium battery modules and battery management systems directly affect the overall battery operation efficiency and safety, global automakers mainly obtain core battery technologies through self-investment, mergers and acquisitions, and technical cooperation to expand battery capacity to meet electric vehicle production needs.

(C) Downstream industry

Lithium batteries are widely used, mainly in laptops, mobile phones, other handheld devices, consumer electronics, and electric vehicles. Downstream operational risks are mainly the rise of new business models and national policy factors. The global emergence of new business models, such as separation of vehicle and power, battery leasing, and car sharing, is favorable to expanding the penetration of the electric vehicle market and driving the demand for downstream products in Europe and China, including electric buses, electric vehicles, electric scooters, and golf carts. National policies that have been made, such as the successive launch of electric vehicle subsidy programs and the imposition of high taxes on high-emission vehicles by advanced countries, and relevant plans to ban the sale of fuel vehicles will drive the boom in the downstream electric vehicle industry, which will simultaneously drive the demand for lithium batteries in the upper and midstream.

③ Fertilizer



Source: Industrial Economics Database, Taiwan Institute of Economic Research

The Company's subsidiary, Heng I Chemical, mainly purchases potassium chloride and urea. Due to the lack of fertilizer raw materials in Taiwan, almost all material purchases must rely on overseas imports. Therefore, price fluctuations in the international market will easily affect the cost of raw materials. The Company's subsidiary, Heng I Chemical, maintains a good cooperative relationship with its suppliers and signs supply contracts yearly to ensure sufficient supply.

Fertilizers are closely related to people's livelihood and farming. Due to the continuous growth of the global population, climate change, and the liberalization of agricultural product trade, the demand for food farming has increased. However, after the government joined the WTO, the opening of agricultural product importation affected Taiwan's agricultural development. And with the government's farmland fallow policy, the domestic arable land area has been gradually decreasing, decreasing fertilizer demand year by year. Due to the long-term government constraints on domestic fertilizer prices, lack of labor in rural areas, and rising wages, mechanized farming is replacing human resources, the demand for compound fertilizers is increasing year by year, and the demand for straight fertilizers is shrinking year by year. The domestic compound fertilizer industry is fiercely competitive.

The main downstream operational risk is the market demand factor. To promote domestic organic agriculture and maintain the production environment, improve the soil fertility of farmland, encourage farmers to apply organic compound fertilizers, and reduce the amount of chemical fertilizers used, the Council of Agriculture, Executive Yuan launched a new agricultural program to initiate several environmentally friendly farming fertilizer subsidy measures. Under the promotion of rational fertilization and organic fertilizer policies, the domestic application of chemical fertilizers has declined. However, because chemical fertilizers still have a good effect on planting crops, the impact on fertilizer demand should be limited in the short term.

④ Specialty chemicals and others

The upstream raw material of the cobalt hydroxide produced by the Company is cobalt metal. Because cobalt metal is a strategic metal, it is mainly distributed in Africa, America, Australia, and China. The Company signs contracts with suppliers to reduce the risk of price fluctuations when purchasing cobalt metal. The midstream is the production of metallic cobalt soap. The Company's downstream end application is mainly the adhesion promoters for rubber and steel wire belts. The operational risk is the impact of supply and demand of the downstream tire industry. In recent years, the Sino-US tire trade friction has been intensified, coupled with the temporary anti-dumping duties imposed by the European Union on China, to crack down on oversupply in the Chinese market, resulting in a slowdown in the supply in the Chinese market. However, Taiwanese companies have benefited from the relief of the crowding-out effect of Chinese supply, and the tire industry's export volume has begun to grow, which has also driven upstream demand for advanced materials.

For the Company's subsidiary Heng I Chemical's electronic-grade sulfuric acid, the primary operational risk is affected by the needs of end customers. Its major client is Mitsubishi Chemical Taiwan, and it ultimately provides electronic-grade sulfuric acid for the semiconductor industry's advanced processes. Since TSMC has successive plant expansion plans and capacity demands, electronic-grade sulfuric acid production demand is expected to increase further.

The Company's subsidiary, Uranus Chemicals, produces industrial oxalic acid, which is used to make various chemical products such as oxalate, oxalamide, and dyes and to separate and purify pharmaceuticals and rare earth elements. It is mainly used in the chemical engineering, food additives, textile, and electronics industries. As the rare earth separated by oxalic acid are widely used in energy, chemical materials, energy conservation and environmental protection, aviation, aerospace, and electronic information fields, when technologies continue to evolve, the demand for rare earth gradually increases; therefore, the application demand for oxalic acid will increase, too.

(3) Product development trends and competition

① Oxidation catalysts

90% of PTA is used to produce PET. Its end industry is synthetic fiber raw material manufacturing. Its products include ready-to-wear materials, non-woven fabrics, tire cords, car seat belts, PET bottles, media audio-video equipment, medical X-ray films, and packaging materials. As the PTA industry meets a massive demand for the downstream industry of synthetic fibers, demand for the upstream synthetic fiber raw materials industry will increase if the downstream industry expands the plants. The demand for PET is highly related to economic development. Since 2022, the Federal Reserve's firm interest rate hike policy has weakened the economic outlook. The economic conditions of the top countries by consumption have suffered from sluggish growth or even a slight recession. Thus, the pessimistic economic outlook is expected to cause the public to hold more conservative attitudes toward consumption. Although the textile industry may recover in the second half of 2023, the recovery of buying momentum in the global textile market is limited in the short term. Also, under the increasing pressure of Chinese manufacturers competing for orders, industry shipments will continue to be suppressed.

② Power battery materials

(A) Cost and performance are extremely important

Lithium batteries are mainly composed of four categories, cathode materials, anode materials, electrolytes, and separators. The cathode materials account for about 30% of the product cost of lithium batteries. Since the selection of cathode materials requires taking into account energy density, power density, applicable voltage range, stabilizing effect of electrolytes, reversible electrochemical reaction, and other conditions, the cathode material is used as not only the battery material participating in the reaction of lithium battery but also the main source of lithium ions in the battery. Its activity and the distribution of lithium ions are the most critical factors affecting lithium battery performance.

The cathode material of lithium battery may achieve further safety, capacity, and cost requirements by adding nickel and manganese. Depending on the added materials, it can be divided into ternary systems of NCA and NCM, and binary systems of lithium, cobalt, and nickel materials. NCA and NCM have the advantages of high safety, while the binary lithium-cobalt-nickel materials have the advantage of high electric capacity. The global cathode material industry is also actively developing and improving cathode materials with the advantages of safety and capacity, so the future development of cathode materials is expected to be optimistic.

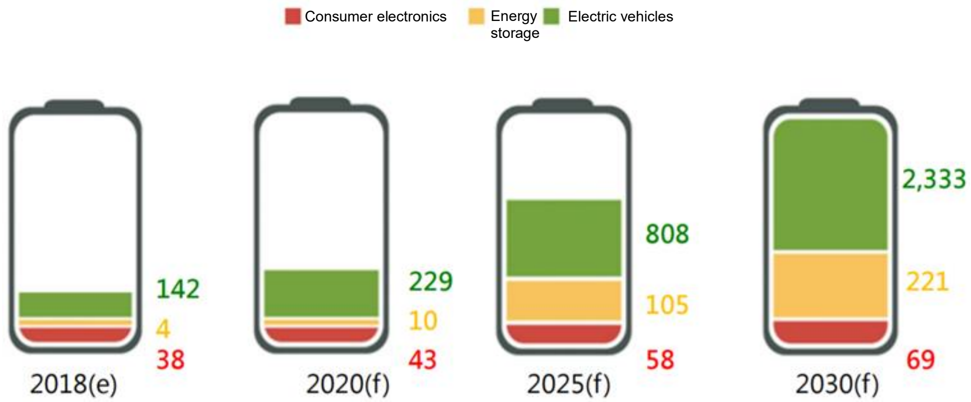
(B) Increase in global market demand

Global lithium battery material plants have been deployed in the automotive market in recent years. They are mainly optimistic about the battery application and demand for hybrid electric vehicles (HEV) and electric vehicles (EV). In recent years, the world has paid increasing attention to environmental protection. HEV or EV vehicles are the future trends of automotive development, and advanced countries worldwide have made the development of electric vehicles and new energy vehicles a key policy. For example, the European Union set the goal of installing 1 million charging piles by 2025 and reached an agreement to completely ban the production and sale of fuel vehicles in 2035 to achieve 100% zero-emission vehicles. The U.S. passed an infrastructure bill in November 2021 to invest US$7.5 billion in EV charging stations and US$65 billion to upgrade the power grid facilities nationwide. The U.S. also signed an executive order in December of the same year. It is estimated that 50% of new cars produced in the U.S. will be electric, and EVs will be fully adopted by 2035. China plans for the sale of EVs to account for 20% of overall car sales by 2025 and for all new cars sold by 2035 to be environmentally friendly models, 50% EV and 50% HEV.

Taiwan's National Development Council published Taiwan's Pathway to Net-Zero Emissions in 2050 and explained the overall strategy in March 2022. Taiwan expects the EV market share to rise to 30% in 2030, 60% in 2035, and 100% in 2040, enabling domestic automakers to speed up the EV production schedule.

According to an analyst's study of the Industrial Economics Database of the Taiwan Institute of Economic Research, electric vehicles have become the main application category and growth driver of batteries, mainly because one HEV uses more than 20 times as many batteries as a laptop, and one EV uses more than 1,000 times as many batteries as a laptop. Lithium battery is mainstream, and the global lithium battery production capacity is dominated by Asian countries such as China, Japan, and Korea. The Company's cathode materials are mainly sold to battery precursor and battery core manufacturers in Japan and Korea; both should grow with the growth of end applications in the future.

2018 to 2030 Global Battery Application Trends (Unit: GWh)



Source: World Economic Forum, McKinsey; Industrial Economics Database, Taiwan Institute of Economic Research (2021/05)

③ Fertilizer

Taiwan's fertilizer manufacturing industry is domestically oriented. As Taiwan's domestic fertilizer market has become saturated with little change, Taiwan's fertilizer companies are actively expanding overseas markets. The launch of a new agricultural program by the Council of Agriculture, Executive Yuan has led to a decline in the volume of chemical fertilizers used in Taiwan. However, as China has strengthened environmental inspections, the supply of nitrogen fertilizer in China has decreased, which will help reduce the export competition in this industry.

④ Specialty chemicals and others

(A) Cobalt hydroxide

a. Elevation of tire quality requirements

The global automotive industry is booming, and various automakers have introduced new models. Safety is one of the selling points of most models. As consumers pay more attention to driving safety, explosion-proof safety tires have gradually become popular. According to the National Highway Traffic Accident Statistics from 2017 to 2021 released by Freeway Bureau, MOTC, tire blowout and peel-off accounted for 1.2% of the cause of traffic accidents, ranking seventh in the cause of accidents. Because the quality of metal cobalt soap affects the adhesion performance between natural rubber and steel wire belts, it also indirectly affects the safety and quality of tires. As the global tires develop towards high performance and high safety, the use of metallic cobalt soap becomes more important, which will also drive the quality and demand for advanced material applications.

b. Automotive supply chain stabilized

The willingness to pull in goods was boosted by the alleviation of worldwide port congestion in the post-pandemic era, the easing of a global automotive chip shortage, and the stabilization of downstream automaker sales. In addition, Taiwan’s tire industry has been actively expanding overseas production capacity in Southeast Asia and India in recent years. As the production capacity and utilization rate of overseas tire plants increase, continued optimization of the production and sales structure is expected, which will help boost the operating performance of Taiwan companies and drive the demand for the Company's production of metal cobalt soap.

(B) Sulfuric acid

Electronic-grade sulfuric acid is a high-purity sulfuric acid widely used in semiconductors, large-scale integrated circuit assembly, and processing. It is mainly used for cleaning and etching wafers to remove impurity particles on the wafers effectively. The electronic-grade sulfuric acid end customer of the Company's subsidiary, Heng I Chemical, is a semiconductor manufacturer. With the rapid development of technology, their high-end manufacturing process has been researched, developed, and expanded. The expansion of capacity will drive the demand for electronic-grade sulfuric acid. Therefore, the demand for this product is still expected to improve.

(C) Oxalic acid

Industrial oxalic acid is mainly used in the chemical, printing, dyeing, and textile industries. Refined oxalic acid is obtained from refining. Its end applications are extensive and include PTA catalyst recovery, cleaning circuits and electronic products, cobalt salts, electronic ceramics, magnetic materials, alloy powders, and cathode materials of lithium batteries. The demand for rare earth has gradually increased with the continuous advancement of technologies. As fewer oxalic acid and rare earth manufacturers exist in Taiwan, Uranus Chemicals, a Company subsidiary, can also benefit.

3. Overview of technology and R&D

(1) The technical level and R&D of the business

The Company's business is the research, development, production, and sales of chemical materials, focusing on oxidation catalysts, power battery materials, fertilizers, specialty chemicals, and other chemical materials. The Company started with the production of oxidation catalyst products. The products are cobalt manganese acetate (bromine) solutions and cobalt acetate/manganese crystals, the key raw materials for producing purified terephthalic acid (PTA), which plays a role in accelerating the reaction rate and improving the quality of production. PTA is processed to make polyester, which is mainly used for polyester fiber. It is one of the three major synthetic fibers and belongs to the chemical fiber industry. For power battery materials, the Company's nickel sulfate, cobalt oxide, and cobalt sulfate are raw materials for battery cathode materials, which are used in the lithium-ion battery industry. For fertilizers, the compound fertilizer products produced by the Company's subsidiary, Heng I Chemical, are made from processing a mixture of raw materials such as urea, potassium chloride, ammonium sulfate, ammonium phosphate, nitrogen, and phosphorus fertilizers and are used in the agricultural industry. The wide range of specialty chemical material products, including electronic grade sulfuric acid, cobalt hydroxide, oxalic acid, rare earth, and etching solutions, involve semiconductors, electronics, tires, biotechnology, and other industries and are used in a wide range of applications.

The Company's R&D department continues to improve the production process and recovery technology of PTA oxidation catalysts. With years of understanding of the characteristics of cobalt and nickel metals and production experience, it continues to develop products in the fields of power battery materials and specialty chemical materials, refine the production process while maintaining product quality, and make products that meet customer requirements, including controlling the weight of raw materials, completing the product particle structure, and consistent size and specifications. The product characteristics are fully controlled to provide customers with more diversified products to meet their needs.

(2) R&D personnel and their educational/professional background

Unit: person

Item/Year		2018	2019	2020	2021	2022
Number of personnel at the beginning of the period		7	9	8	9	8
New employees		3	2	3	4	4
Resigned employees		1	2	—	1	2
Severed and retired employees		—	1	—	1	0
Reassignment		—	—	2	3	4
Total R&D personnel at the end of the period		9	8	9	8	6
Average tenure (year)		4.97	5.95	2.99	1.5	2.83
Turnover rate (%) (note)		10%	22.00%	—	11.11%	16.67%
Distribution of academic qualifications (%)	PhD	—	—	—	—	—
	Master's degree	9%	8%	33.33%	62.5%	50%
	College	91%	92%	67.67%	37.5%	50%
	Junior college	—	—	—	—	—
	Senior high school and lower	—	—	—	—	—

Note: Turnover rate = resigned employees / (number of personnel at the beginning of the period + new employees of the period).

(3) Annual investment in research and development and successfully developed technologies and products in the most recent year

A. Research and development expenses for the most recent year and the most recent years

Unit: NT$ (thousand)

Year / Item	2019	2020	2021	2022	2023 (Estimated)
R&D expenses	26,415	29,438	8,971	20,558	24,458
Net operating revenue	6,369,520	5,285,365	7,338,783	9,081,621	7,413,527
Percentage to the net operating revenue (%)	0.41%	0.56%	0.12%	0.23%	0.33%

Source: Financial statements audited or reviewed by CPAs

(4) Successfully developed technologies and products

Item	R&D achievements	Effect description
Alkali carbonate inorganic intermediate chemical material development	The Company's laboratory has developed customer specifications and completed on-site pilot production verification.	With this, the Company can develop customers in the fields of salt intermediates, magnetic materials, hard alloys, plating materials, ceramic colorants, etc.
Cathode raw materials for EV batteries (manganese)	The Company's laboratory has developed customer specifications and completed on-site pilot production verification, and is planning a 2nd generation process to reduce processing costs.	The Company is planning to add new cathode materials (manganese) for EV batteries to expand the Company's cathode materials product line.

4. Long- and short-term business development plans

(1) Short-term business development plans

① Marketing strategies

A. Strive for long-term orders from customers with reasonable prices and stable quality, and increase market share.

B. In addition to the domestic market, actively explore the international market and win orders from foreign manufacturers.

C. Fully communicate with customers, understand their needs for products, provide a full range of solutions, and perfect after-sales service to maintain long-term cooperative relations and meet the diverse needs of customers.

② Production strategy

A. To implement the Company's ISO quality policy, improve the quality concept and implement the quality system, the Company has set up a management system implementation team that has passed ISO 14064-1 greenhouse gas inventory, ISO 45001 and 14001 occupational health and safety management system, and ISO 50001 energy management system since July 2019, and IATF 16949 certification in October 2019; the entire Coremax Group passed ISO 9001 certification in November 2019.

B. Actively increase capacity and make every effort to improve the production process, seeking to achieve rationalization, institutionalization, and standardization of production, shorten the production cycle, increase the production yield, and strengthen training to improve the quality of employees.

C. Reduce production costs and eliminate possible waste, including human resource inventory, resource sharing, simplifying operations and processes, and using the ERP system to obtain the most economical feed and inventory costs.

D. To meet customers' needs, establish overseas production bases and expand capacity and provide rapid production, simple transportation, and timely delivery functions; meet the maximum satisfaction of customers to increase market share and maintain stable growth in performance.

③ Financial planning

A. Keep close and good relationships with each bank to strengthen the ability of capital deployment.

B. Seek low-interest loans, such as strategic low-interest loans, to reduce the Company's capital cost.

C. Strengthen capital management and risk control capabilities to reduce the Company's operational risks.

(2) Long-term business development plan

① Marketing strategies

A. Provide a full range of customer-oriented services, strive to improve customer satisfaction, and meet customers' different product needs.

B. Cope with the development of new recycling technologies, provide customized professional services, cultivate partnerships, and strive for long-term orders to increase the Company's profit.

C. Actively expand overseas markets to reduce the risk of market concentration.

D. Actively cultivate professional sales talents, enhance international marketing capabilities, and increase the Company's market share.

② Production strategy

A. Continuously improve the quality of products and services.

B. Seek strategic alliance partners, integrate upstream and downstream industries, and strengthen the quality and capabilities of the supply chain to reduce costs and improve operational efficiency and competitive advantages.

C. Actively seek cooperation with major international manufacturers, develop emerging markets in a planned manner, and strive for orders from well-known international manufacturers to increase market share.

D. Monitor the future development trends of the chemical fiber industry and the lithium battery market, focus on the research and development of upstream raw materials for related products, establish technical independence, and solidify the image as the market leader in professional and innovative products and technologies.

③ Financial planning

A. Push the Company's access into the capital market to increase the Company's funding channels and obtain diversified funding sources.

B. Enhance international fund-raising capabilities to adapt to the scaling of operations and the establishment of overseas bases.

II. Overview of Market, Production, and Sales

(I) Market analysis

1. Sales (Supply) Regions of the Company's Core Products (Services)

Unit: NT$ (thousand)

Item		2021		2022	
		Amount	Ratio	Amount	Ratio
Domestic sales		1,630,174	21%	1,760,095	20%
Export sales	Asia	5,427,260	74%	5,932,970	65%
	Europe and the Americas	281,349	4%	1,388,556	15%
Total operating revenues		7,338,783	100%	9,081,621	100%

Asia is the primary export market of the Company, and Japan accounts for a higher proportion of sales.

2. Market share, future market supply and demand, and growth

(1) Oxidation catalysts (chemical fiber PTA industry)

Production and Sales of Oxidation Catalysts in 2020 and 2021

Unit: tons

Company	Production volume		Sales volume	
	2020	2021	2020	2021
Coremax	12,318	12,362	13,151	12,113
Mechema Chemicals	16,456	27,698	18,249	27,203

Source: annual report of shareholders' meeting

The Company has invested in the production and sales of oxidation catalyst products since the beginning of its establishment. The PTA oxidation catalyst products produced are not standardized products with a single specification. Each PTA manufacturer has different processes and technologies, with different requirements for oxidation catalyst formulations. Even though PTA oxidation catalyst accounts for less than 0.5% of the cost of PTA, the quality of oxidation catalyst products greatly affects the production speed and quality of PTA. Therefore, each PTA manufacturer's main considerations for the oxidation catalyst used are the applicability of its own process, the stability of the oxidation catalyst product quality, and the follow-up technical service. Therefore, oxidation catalyst suppliers are not easily replaced once chosen by a PTA manufacturer. Although the PTA oxidation catalyst industry is not capital- and labor-intensive, there is still a relative degree of technological threshold and market segmentation. The oxidation catalyst industry in Taiwan is an oligopolistic market. At present, domestic PTA oxidation catalyst products are mainly supplied by the Company and Mechema. The Company's oxidation catalyst production lines are located in Taiwan, Ningbo and Zhangzhou in China, and Rayong in Thailand, thus satisfying local customers' oxidation catalyst needs and providing good technical services nearby. The Company is also in the position of an oligopolistic domestic supplier of the material.

According to the annual reports of the shareholders' meetings of the Company and Mechema for the years 2020 and 2021, the Company produced 12,318 tons and 12,362 tons of oxidation catalysts in 2020 and 2021, with sales of 13,151 tons and 12,113 tons, respectively; Mechema produced 16,456 tons and 27,698 tons of oxidation catalysts in 2020 and 2021, with sales of 18,249 tons and 27,203 tons, respectively, which means that the Company's PTA oxidation catalyst products account for approximately 30% to 40% of the Taiwan market.

(2) Power battery materials

Production and Sales of EV Battery Materials in 2020 and 2021

Unit: tons

Company	Production volume		Sales volume	
	2020	2021	2020	2021
Coremax	23,227	28,923	25,144	32,949
Mechema (Note)	Note	Note	2,423	3,343

Source: annual report of shareholders' meeting

Note: this data is from Mechema Toda Corporation, a joint venture with Toda Kogyo Corp. of Japan; Mechema Toda is responsible for production and has not disclosed its production volume since 2019.

Since the secondary lithium battery materials industry is tech-intensive and hard to enter, only a few manufacturers worldwide have invested in this market. A few manufacturers currently dominate the global market, so price wars will not occur easily. Thus, the average unit price is slow to decline.

The battery materials produced by the Company are mainly nickel sulfate and cobalt sulfate, which are mainly provided to downstream customers as raw materials for NCM and NCA. The Company and Mechema are main suppliers of cathode materials in Taiwan. According to the annual reports of the shareholders' meetings of the Company and Mechema for the years 2020 and

2021, the Company produced 23,227 and 28,923 tons of EV power battery materials and sold 25,144 and 32,949 tons of power battery materials in the same period, respectively; Mechema did not disclose information about the production quantity and sold 2,423 and 3,343 tons of EV power battery materials, respectively. It is estimated that the Company's EV battery material products account for approximately 90% of the market in Taiwan.

(3) Fertilizers

Currently, the main domestic compound fertilizer producers are four major manufacturers. Except for Taiwan Fertilizer Co., Ltd., which has a market share of 70%, the remaining 30% is mainly shared by the Company's subsidiary, Heng I Chemical, Hong Heng Chemical Co., Ltd., Grainking Enterprise Co., Ltd., and other small manufacturers and importers. Since Taiwan's fertilizer market varies significantly between slow and peak seasons, fertilizer shortages occur in each peak season. Thus, forecasts can be reached with enough stock during slow seasons and smooth production during peak seasons.

(4) Specialty chemical materials and others

① Cobalt hydroxide

The main competitors are Umicore from Belgium, Freeport from Finland, Shepherd from the United States, and Huayou from Mainland China.

② Sulfuric acid

The main domestic sulphuric acid manufacturers are Heng I, Beaming, Kuang Ming, Chung Hwa Chemical, and Jiann Feng. Jiann Feng is in Kaohsiung, while the other four are in northern Taiwan. The sulfuric acid eighth plant invested by the Company was commissioned in December 2014 and started mass production in July 2015, with a daily output of 500 tons of sulfuric acid. Other than replacing old facilities, the expansion and increase in production in recent years were conducted with the collaboration of the customer to complement the customer's electronic-grade sulfuric acid plant expansion. Hence, the shipment volume and revenue of semiconductor electronic acid increased.

③ Oxalic acid

The global oxalic acid industry was affected by the COVID-19 pandemic in 2020, valued at about US$595.2 million. It is expected to grow at 2.6% annually through 2027, driven by the pharmaceutical, chemical, textile, and leather industries. The main domestic supplier of oxalic acid is San Fu Chemical. The Company's subsidiary, Uranus Chemicals, specializes in producing oxalic acid with its proprietary technology, which is competitive for the Company's export to Japan.

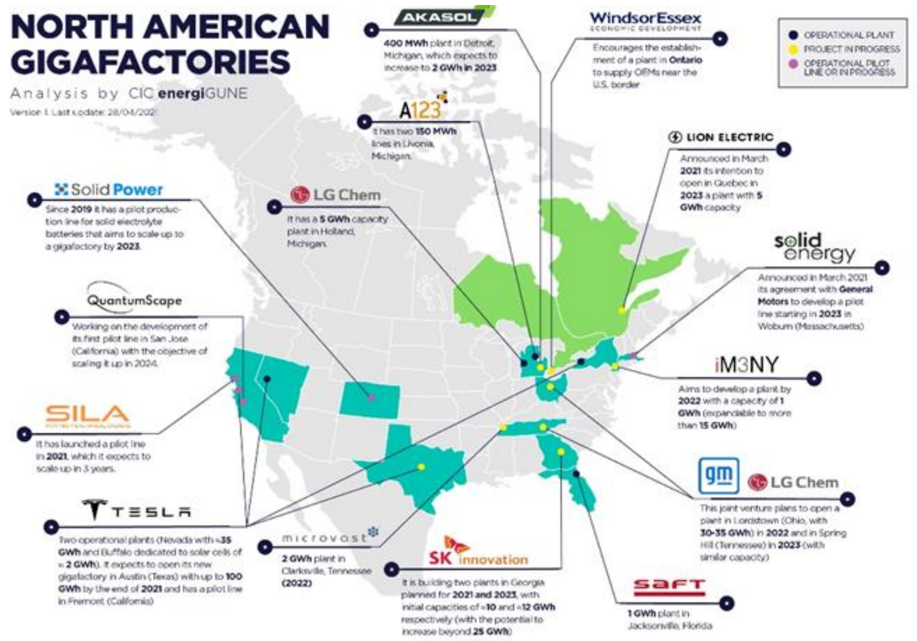
3. Future market supply and demand, and growth

(1) Oxidation catalysts (chemical fiber PTA industry)

The growth rate of global capacity is rising, primarily due to new, large-scale PTA facilities continuously put into operation in China, causing supply to exceed demand in the global PTA market. The impact of the pandemic and inflation in 2021 has also led to a decline in end demand. However, as the effect of the pandemic gradually weakened and inflation slowly eased since 2022, the market has entered the restocking stage, driving the polyester operating rate to rebound, the demand for downstream materials to become more active, and more robust demand for PTA, which is expected to drive the demand for oxidation catalysts in the future.

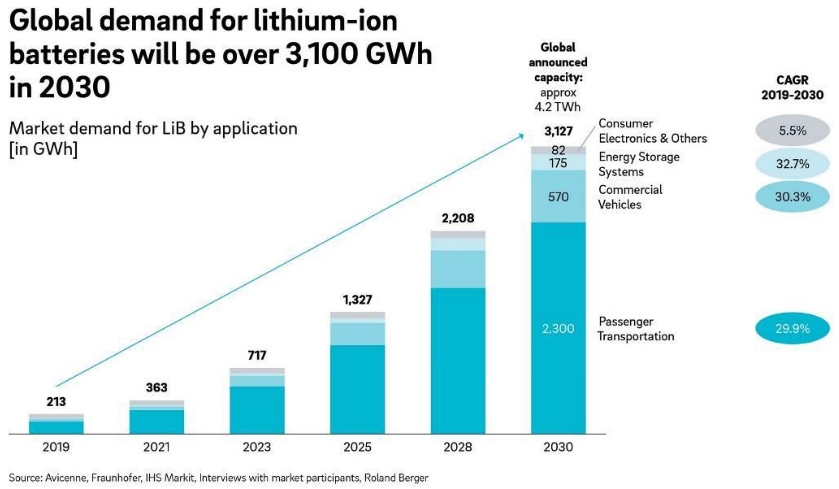
(2) Power battery materials (lithium battery industry)

In the future, the growing demand for battery materials for lithium batteries will mainly be in electric vehicles, plug-in hybrid electric vehicles, hybrid vehicles, and electric buses. According to the ITRI IEK's report of power lithium battery application in the electric vehicle, the demand for power lithium batteries for electric vehicles in 2030 will be 554 GWh. As the world's major countries implement policies to ban the sale of fuel vehicles by 2040, the demand for lithium batteries for electric vehicles will reach 1056 GWh by 2040, mainly due to the implementation of China's electric vehicle purchase subsidy policy, which has stimulated and driven the sales momentum of China’s EV market. With Europe, the U.S., and Japan enacting stricter requirements for emission reduction, the electric vehicle market is set to grow steadily, the demand for BEVs and PHEVs will continue to rise, and the need for lithium battery cathode materials will also become more robust. Therefore, major battery companies have announced their expansion plans one after another. The figure below shows the battery plant plans of different American automakers and battery manufacturers.



Source: CIC energiGUNE

Global market demand forecast for lithium batteries by industry



Source: Avicenne, Frauhofer, IHS Markit, Interviews with market participants, Roland Berger

(3) Compound fertilizer (chemical fertilizer industry)

Although the pandemic has continued to spread in Asia since 2021, the demand for nitrogen fertilizer by Southeast Asian countries has boomed. Exports to major markets have improved significantly, breaking free from the decline after the pandemic triggered disruptions in logistics and transportation. In 2022, the outbreak of the Russia-Ukraine war impacted the global fertilizer supply chain. Since Russia is a major exporter of potash and phosphate fertilizers, the war caused a sharp drop in fertilizer exports by Russia. At the same time, surging natural gas prices in Europe led to higher operating costs, forcing fertilizer plants to cut production and causing a greater fertilizer supply shortage. Worried that the fertilizer supply will cease and affect crop production, major agricultural countries like Brazil and India stocked up, causing overseas customers to buy goods actively. The growth in export sales is stronger, and the industry climate shows an apparent upward trend.

(4) Specialty chemical materials (electronics, tires, textile printing and dyeing, ceramics, and other industries)

① Cobalt hydroxide

The Company is the only one with the key technology for mass production and production lines. According to statistics published by ICON Group Ltd, Taiwan's exports in this industry account for 3.76% of the world, ranking 6th globally. Therefore, it is inferred that the Company ranks 6th worldwide in producing and exporting this product. The main production countries of chemical materials are Belgium (Umicore), Finland (OMG), China (Huayou), the United Kingdom, and Taiwan (Coremax), with a total global market share of approximately 84%. This industry is an oligopolistic market, and supply and demand are stable.

② Sulfuric acid

The Company put its newly built sulfuric acid equipment into operation in July 2015. However, the flood of imported acid affects Taiwan's sulfuric acid industry. The next important issue for Taiwan's sulfuric acid industry would be how to compete with imported acid.

③ Oxalic acid

The Company utilizes its self-developed superfine ferrous oxalate development technology to improve the quality of our customers' finished products and reduce costs to meet their cost demands, thereby strengthening our competitive advantage and increasing our market share.

(5) Recycling business

The Company has applied for waste sulfuric acid recycling and is currently working with leading semiconductor manufacturers in Taiwan.

4. Competitive niches

(1) Infusion of orders from major international companies

The demand for various lithium battery materials is increasing with the vigorous development of the electric vehicle industry. Power battery materials also account for a gradually rising share of the Company's product revenue. The Company's power battery materials, such as cobalt sulfate and nickel sulfate, have stable quality and thus have been recognized and purchased by leading international companies. Meanwhile, the Company has established a third production line to handle the surge in demand. Therefore, driven by the demand of the electric vehicle industry, the Company is actively expanding and developing to provide a promising profitable factor for the future.

(2) Unique mass production capacity of oxidation catalysts and cobalt hydroxide

The Company is a domestic oligopolistic manufacturer of oxidation catalysts and specialty chemical materials such as cobalt hydroxide and cobalt oxide. The end applications of both are traditional necessities of daily life. The Company provides professional technology and complete after-sales service to customers of oxidation catalysts and cobalt hydroxide, helps them solve problems in the manufacturing process, and provides a full range of services.

The Company also built oxidation catalyst production lines in Ningbo, Zhejiang and Zhangzhou, Fujian in China, and Rayong in Thailand, to provide local customers with demand and technical support and to increase revenue growth strength through domestic and foreign product sales positioning.

(3) End demand of leading companies

The electronic-grade sulfuric acid developed by the Company's subsidiary, Heng I Chemical, features high process safety, high product purity, and low impurity ion content and is more suitable for semiconductor circuit production and cleaning. The Company's subsidiary, Heng I Chemical, produces and sells electronic-grade sulfuric acid to meet the needs of Japanese customers. Its end customers include the leading semiconductor manufacturers in Taiwan. Electronic-grade sulfuric acid demand should grow in response to the demand for capacity expansion in the semiconductor industry. The Company's subsidiary, Heng I Chemical, actively accommodates plant expansion and production increase plans and continues to increase production and improve quality to enhance the business's profitability.

(4) Professional production technology and stable product quality

Since its establishment in June 1992, the Company has been producing and selling oxidation catalysts and other chemical products. In addition to our many years of production experience, we have continued to refine our production technology and improve our production equipment. In October 1996, we introduced the ISO 9001 quality certification system; in August 2009, we introduced the ISO 14001 environmental certification system; and in December 2019, we obtained ISO 45001, ISO 14064-1, ISO 14046, ISO 50001, and IATF 16949 certifications, and remain committed to improving product quality. The Company's technical team has many years of experience and rich professional knowledge of industrial product trends and production technology.

(5) Independent R&D capabilities

In light of the Company's growing scale of operations, other than the existing products, the Company is also extending the direction of R&D towards electronic materials, such as cathode materials for lithium batteries. The Company's R&D goals are not only to improve the existing process and increase the efficiency of waste catalyst recovery and regeneration but also plan to develop new products based on the current accumulated technologies and experience, expand product production lines and services, and enhance the content and quality of the business.

(6) Senior talents with abundant professionalism

The Company's senior executives are all senior employees or practitioners in the industry. They have rich experience in the Company's industry, production technology, and marketing strategy and are familiar with industry trends. The Company's various development decisions may be made quickly and appropriately.

5. Favorable and unfavorable factors of long-term development and response measures

(1) Favorable factors

(A) Stable demand

The oxidation catalyst products produced by the Company are important catalyst raw materials for making PTA. The oxidation catalysts have high added value; currently, no other alternatives exist. PTA is mainly used for polyester, including polyester fiber, polyester pellets, and polyester film. Among the polyesters, the primary usage is to produce polyester fiber, providing ready-to-wear materials (such as Tetoron, Tedelon, Tairilin, Eastlon, Jinzhulon, and Hualon Silk), non-woven fabrics, tire cords, and car seat belts; secondly, it is used to produce polyester pellets, which may be used to make plastic containers, such as PET bottles for beverages; polyester film is used for videotapes, audio tapes, medical X-ray film, and packaging materials, among other things. PET can be used for many things and has an important influence on products related to daily life; the demand for PET has a considerable degree of stability.

(B) The concept of energy substitution and the rise of electric vehicles

In recent years, the concept of green and alternative energy has become increasingly popular. Europe and China are also actively developing the electric vehicle industry to improve energy problems and are committed to sustainable alternative energy. Benefiting from the development and growth of the electric vehicle industry, the demand for battery materials for electric vehicles is increasing. The Company's main products, such as nickel sulfate and cobalt sulfate, are used to produce cathode materials for lithium batteries. To welcome this boom of electric vehicles, various battery material manufacturers are striving to break through the limitations of battery materials, such as improving the safety of ternary battery materials and increasing the electrical capacity of binary battery materials. The future R&D of and breakthrough in battery materials will be more mature.

(C) Adoption trend of ternary battery materials

Compared with LFP, LCO, LNO, and LMO battery materials, ternary battery materials (NCM and NCA) have the characteristics of nickel, cobalt, and manganese or nickel, cobalt, and aluminum and have the advantage of high energy density. Other than the leading U.S. manufacturer Tesla's use of NCM and NCA, Chinese electric vehicle manufacturers such as Beijing Automotive, Geely Automobile, Zotye Automobile, and some European car makers have selected ternary battery materials. This demonstrates that the electric vehicle market accepts ternary battery materials. Therefore, the Company's nickel sulfate and cobalt sulfate products may leverage the growth of ternary battery materials and the trend of manufacturers' selection to reflect results in the Company's revenue and profit growth.

(D) Fertilizer brand value deeply rooted in farmers' hearts

The Company's subsidiary, Heng I Chemical, has a history of more than 1951 years in the fertilizer business. Its Gufeng branded products include straight fertilizers, chemical compound fertilizers, and organic compound fertilizers, which may be applied to crops such as rice, sweet potatoes, potatoes, teas, fruit trees, and tomatoes, which almost cover all domestic farming. Gufeng is deeply favored by farmers and occupies a position in the domestic fertilizer market. Heng I Chemical, a subsidiary of the Company, is also the OEM of Sinon Corp. for compound fertilizers, black granular fertilizer, with various mixing proportions. It demonstrates that the quality of the compound fertilizer produced by Heng I Chemical is stable and good. With the long-time reputation of Sinon, farmers recognize the fertilizer quality of Heng I Chemical.

(E) Major manufacturers favor the quality of electronic-grade sulfuric acid

The Company's subsidiary, Heng I Chemical, develops electronic-grade sulfuric acid with high purity and relatively pure quality. It is mainly supplied to major Japanese manufacturers, and the primary sales targets are major domestic semiconductor manufacturers. Because high-end semiconductor manufacturing processes require higher-purity sulfuric acid to clean impurities, the electronic-grade sulfuric acid produced by Heng I Chemical can meet purity and quality requirements. Major manufacturers also favor the quality of the products. With the fierce competition and evolution of semiconductor manufacturing processes, the demand for high-purity sulfuric acid has increased significantly. Heng I Chemical's products can also fill the needs of major manufacturers.

(2) Unfavorable factors and countermeasures

(A) Cobalt and nickel metals are entirely dependent on imports

The Company is heavily dependent on imports for nickel and cobalt metals, so fluctuations in the market price of raw materials would easily affect the gross profit of the Company's product.

<u>Countermeasures:</u>

a. Sign supply contracts and constantly monitor the market conditions

The Company's metal raw materials procurement is done by signing supply contracts to ensure a sufficient supply. If there is a quantity that misses the demand, it will be purchased from the spot market. The Company also closely monitors the market conditions. Suppose the international market prices of nickel and cobalt metals are low. In that case, the Company will consider building the inventory and safety stock by flexibly adjusting the quantity and time of purchase to stock inventory to avoid the risk of fluctuating raw material prices.

b. Purchase from different suppliers

The Company regularly evaluates the quality of metal raw materials and supplier quotations and cooperation and selects high-quality suppliers for medium- and long-term cooperation. The Company also diversifies its suppliers to avoid excessive concentration or stockout risks.

(B) The number of domestic PTA manufacturers is limited, and the sales targets are relatively concentrated

The oxidation catalyst is an important catalyst of the PTA process. The main sales target is PTA manufacturers. Because the PTA industry is capital- and technology-intensive, the number of domestic PTA manufacturers is limited and sales are relatively concentrated.

Countermeasures:

a. Actively expand the global sales market by setting up overseas subsidiaries

The Company has a considerable market share in the domestic market. Our overseas markets are in Ningbo of Zhejiang Province and Zhangzhou of Fujian Province in China, and the Rayong area of Thailand. The Company has set up oxidation catalyst production lines in these areas to support local PTA manufacturers. The Company is committed to expanding overseas markets while reducing the risk of sales concentration.

b. Expand business diversification and step out of the chemical fiber product field

In addition to the oxidation catalyst business, the Company is also striving to expand its core business, such as merging a subsidiary operating compound fertilizers, developing the electronic-grade sulfuric acid business, and researching and developing products in the field of power battery materials. Through the Company’s active investments, certain products have won the favor of global manufacturers. Meanwhile, the Company's continues to sell the products to overseas markets. These products have successfully diversified the business, stepping out of the field of chemical fiber products to increase the Company's operating advantages.

(C) Working capital needs in response to business growth

Besides the existing oxidation catalyst products and the active exploration of overseas markets, Besides the existing oxidation catalyst products and the active exploration of overseas markets, main products, such as nickel sulfate and cobalt sulfate of power battery materials, after passing the certification of major international battery manufacturers, have met the increasing demand for lithium battery cathode materials in the future. As the business grows, the Company will need to use more working capital.

Countermeasures:

In addition to depending on its own earnings and bank borrowings, the Company's source of working capital has also come from funds with lower costs by accessing the capital market through listing shares on the stock exchange to meet the fund demands generated from business growth.

(D) High environmental awareness and strict standards

Amid the high awareness of global environmental protection, the raw materials used by and products produced by the Company, which operates in the chemical engineering industry, are all chemicals, and the Company assumes the obligation of environmental protection. For the products sold to European customers, the Company has also completed the relevant REACH registration requirements.

Countermeasures:

Since its establishment, the Company has placed great importance on handling environmental issues. In addition to successively investing capital to increase and improve pollution prevention equipment and recover and treat waste gas and wastewater, the Company has passed ISO 14000 certification to meet higher environmental protection standards.

(II) Major applications and manufacturing processes of core products:

1. Major applications of core products

Product type	Main product	Important applications
Oxidation catalysts	Crystal form (cobalt acetate, manganese acetate)	Catalyst for PTA oxidation reaction
	Liquid form (cobalt acetate, manganese acetate)	Brightener for PET polyester Catalyst for PTA oxidation reaction

Product type		Main product	Important applications
Power battery materials		Crystal form (cobalt sulfate, nickel sulfate) Powder type (cobalt compound)	Cathode materials for secondary lithium batteries
Chemical fertilizer		Fertilizers	Plant nutrition
Others	Advanced materials	Powder type (cobalt compound)	Paint drier, tire adhesive
	Chemical raw materials	Sulfuric acid	Synthetic chemicals
	Oxalic acid	Oxalic acid	Food additives, electronic and chemical product additives
	Electronic chemicals	Cerium ammonium nitrate	Etching
	Others	Powder type (cobalt compound)	Ceramic glazes and pigments
		Raw material trading (cobalt, manganese metal, etc.)	Depending on customer usages

2. Production process of major products

(1) Crystal form products

Raw material → Reaction → Crystallization → Drying → Packaging → Finished product

(2) Production flow chart of liquid form products

Raw material → Reaction → Intermediate product → Formulation → Storage → Finished product

(3) Production flow chart of powder type products

Raw material → Reaction → Precipitation → Filtration → Drying → Calcining → Grinding → Packaging → Finished product

(4) Fertilizers

Raw material crushing → Mixing → Granulation → Drying → Sieving → Cooling → Coating → Finished products

(5) Sulfuric acid

Sulfur melting heating → SO_2 → Conversion → SO_3 → Adding water → H_2SO_4

(6) Oxalic acid

Raw material → Melting → Purification → Filtration → Cooling crystallization

→ Solid-liquid separation → Wet-based oxalic acid →Drying → Finished product

(III) Supply of main raw materials

The main raw materials of the Company are cobalt metal and nickel metal. The main raw materials of fertilizer and sulfuric acid are ammonium sulfate and urea. The main raw materials of oxalic acid and rare earth are oxalic acid and Indonesian tin ingot. The Company maintains a cooperative relationship with individual suppliers and signs supply contracts yearly to ensure a secure supply. If the contract volume is insufficient, materials can be obtained at the spot price in the spot market.

Main materials	Domestic suppliers	Foreign suppliers	Supply status
Cobalt (Co)	None	VCF, VAZ, and VCY	Sufficient supply
Manganese (Mn)	None	VCX	Sufficient supply
Nickel (Ni)	None	VCB, VCC, and VCD	Sufficient supply
Hydrobromic acid (Hbr)	None	VE, VU, VCW	Sufficient supply
Glacial acetic acid (HAc)	VH	None	Sufficient supply
Ammonium sulfate	VAW	None	Sufficient supply
Urea	VCU	VBU	Sufficient supply
Potassium chloride	VCR、VCS	VCV	Sufficient supply
Sulfur	VBA, VAX	None	Sufficient supply
Oxalic acid	None	VCN, VCO, and VCP	Sufficient supply
Indonesia tin ingots	VBJ、VCQ	None	Sufficient supply

(IV) Names of customers who accounted for 10% or more of the Company's purchases (sales) in either of the last two years, the amounts purchased from (sold to) each, the percentage of total purchases (sales) accounted for by each, and an explanation of the reason for increases or decreases in the above figures.

1. Major Suppliers in the Last Two Years

Unit: NT$ (thousand)

Item	2021				2022			
	Name	Amount	As a percentage of net purchases for the year (%)	Relationship with issuer	Name	Amount	As a percentage of net purchases for the year (%)	Relationship with issuer
1	VCD	1,567,742	26.97	None	VCB	1,143,228	15.49	None
2	VO	739,264	12.71	None	VCD	928,915	12.59	None
3	VCB	737,602	12.69	None	—	-	-	—
4	Others	2,769,145	47.63	None	Others	5,308,162	71.92	None
	Net purchase	5,813,753	100.00	—	Net purchase	7,380,305	100.00	—

Reasons for increase or decrease:

(1) The increase in net purchases in 2022 over 2021 was mainly due to the increased end demand for electric vehicles.

(2) The Company selects suppliers based on considerations such as purchase unit price, delivery time, and supplier collaboration. The Company usually maintains about five metal suppliers and determines the purchase counterpart based on the purchase unit price provided by each supplier, which causes changes in ranking and proportion.

2. Major Customers in the Last Two Years

Unit: NT$ (thousand)

Item	2021				2022			
	Name	Amount	As a percentage of net sales for the year (%)	Relationship with issuer	Name	Amount	As a percentage of net sales for the year (%)	Relationship with issuer
1	CP	2,685,308	36.59	None	CP	3,239,786	35.67	None
2	Others	4,653,475	57.94	None	Others	5,841,835	64.33	None
	Net sales	7,338,783	100.00	—	Net sales	9,081,621	100.00	—

Reasons for increase or decrease:

(1) The increase in net operating revenue in 2022 over 2021 was mainly due to the increased end demand for electric vehicles.

(2) The increase or decrease of individual customers of the Company mainly depends on the needs of customers and the difference between contract and spot market pricing.

(V) Production in the Last Two Years

Unit: tons; NT$ (thousand)

Year / Production volume and value / Sales volume and value	2021			2022		
	Capacity	Production volume	Production value	Capacity	Production volume	Production value
Oxidation catalysts	25,000	12,362	965,824	25,141	10,413	792,474
Power battery materials	32,000	28,923	3,964,768	42,120	37,003	4,119,414
Chemical fertilizer	100,000	63,055	542,091	100,000	35,625	441,792
Others	(Note 1)	(Note 1)	952,806	(Note 1)	(Note 1)	1,437,036
Total	—	—	6,425,489	—	—	6,790,716

Note 1: The types of other products are different and the measurement units are inconsistent, so the production volume is not calculated.

Reasons for increase or decrease: Due to the increase in production and demand for EV battery materials.

(VI) Sales in the Last Two Years

Unit: tons; NT$ (thousand)

Year / Sales volume and value / Main product	2021				2022			
	Domestic sales		Export sales		Domestic sales		Export sales	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Oxidation catalysts	4,394	331,295	7,719	825,974	3,715	447,321	6,778	1,002,614
Power battery materials	1,194	167,635	31,755	4,153,411	1,066	212,604	28,464	5,155,263
Chemical fertilizer	62,322	581,524	—	-	33,024	398,006	—	-
Others	(Note 1)	549,720	(Note 1)	729,224	(Note 1)	702,164	(Note 1)	1,163,649
Total	—	1,630,174	—	5,708,609	—	1,760,095	—	7,321,526

Note 1: The types of other products are different and the measurement units are inconsistent, so the sales volume is not calculated.

Reasons for increase or decrease: Due to the increase in production and demand for EV battery materials.

III. Employees Information for the Past Two Years Until the Publication Date of the Annual Report

Year		2021 (consolidated)	2022 (consolidated)	Up to end of February 2023
Number of employees	Direct employees	261	314	325
	Indirect employees	173	200	198
	Total	434	514	523
Average age		39.16	38.36	38.6
Average years of service		5.92	5.17	5.19
Distribution of educational level	PhD	0	0	0
	Master's degree	6%	7%	7%
	University/ College	58%	59%	58%
	High school	30%	28%	29%
	Below high school	6%	6%	5%

IV. Expenditure on Environmental Protection

(I) Total losses (including compensation) and fines due to environmental pollution during the most recent year and up to the publication date of the annual report: None.

(II) Countermeasures (including improvement measures) and possible expenditure due to pollution (including estimation of possible losses, fines, and compensation due to inaction):

The Company's Hsinchu Plant has established relevant water treatment procedures and applied for operating discharge permits according to the Water Pollution Control Act. The wastewater is uniformly treated through the industrial zone's sewerage system before it is discharged to the Jiadong River. The wastewater meets the water discharging standards and has no material impact on the local environment. The Company also actively reduces the use of raw materials and other resources from the beginning to reduce waste output and the impact on the environment. For the waste produced in the process, the Company has retained cleaning and disposal institutions approved by the Environmental Protection Administration for adequate cleaning. In terms of environmental protection laws and regulations, we effectively manage the risks of environmental protection laws and regulations by managing energy, emissions, and pollution prevention and continually improve in all aspects to comply with laws and regulations and reduce negative environmental impact.

In addition to coping with the international environmental protection trend, when the Toufen Plant manufactures products, it actively engages in reducing environmental pollution, saving resource consumption, promoting management measures such as reducing and recycling wastewater, waste gas, and waste, and prohibiting the use of illegal cleaning and disposal institutions. To avoid secondary pollutants, we retain cleaning and disposal institutions approved by the Environmental Protection Administration for proper cleanup and treatment to improve environmental sustainability and quality.

V. Labor Relations

(I) The Company's employee welfare measures, continuing education, training, and retirement regulations and their actual implementation, along with employer-employee agreements and measures for protecting employee rights:

1. Employee welfare measures
   (1) Cultural and recreational activities
   (2) Domestic and overseas employee travel
   (3) Emergency relief, hospitalization, and funeral subsidies
   (4) Gift vouchers for the three major festivals
   (5) Gift vouchers for birthdays
   (6) Application for various welfare benefits
   (7) Employee dividends, share subscription
   (8) New and comfortable staff quarters
2. Continuing education and training

   To improve the work attitude, knowledge, and skills of all employees and to cultivate professional talents to cope with the future development of the Company, training is planned based on the positions and functions of employees. It includes orientations, professional technologies and skills, management functions, general knowledge, languages, and self-learning. We also offer on-the-job continuing education resources to employees and encourage employees to take external courses to build a work environment where continuous learning is available to employees.

   (1) Work rules training for new employees
   (2) Occupational safety training
   (3) Professional courses: chemical analysis training and fork-lift truck training.

   The following table shows the implementation of staff training and study programs in 2022:

Unit: NT$ (thousand)

Item	Number of sessions	Total attendees	Total hours	Total expenses
1. Orientation for new employees	36	109	1,110	-
2. Professional function training	213	821	2,810	378,574
3. Skill training for supervisors	6	135	848	371,298
4. General training	20	361	1,028	158,294
Total	275	1,426	5,796	908,166

3. Retirement system and its implementation status:

    The Company formulated employee retirement procedures pursuant to the Labor Standards Act and formed the Labor Retirement Reserve Supervision Committee. Each month, 2% of the basic salary is contributed as a retirement reserve. At the same time, the reserve is deposited in a special account in the Central Trust of China under the committee's name. In addition, the Company provides each employee with a pension according to the statutory retirement system in each region. The employee participation rate in the retirement plan is 100%. For the Taiwan plant, according to the Labor Standards Act and the Labor Pension Act, employees who joined the Company before June 30, 2005 (inclusive) are entitled to the old pension system. However, they will be entitled to the new pension system after voluntarily choosing to be eligible for the new pension. The old pension system is based on 2% of each old pension system employee's monthly salary and is deposited into the designated Bank of Taiwan's old pension reserve account. The new pension system contributes 6% per month to the employee's personal pension account according to the labor pension level of each employee who is eligible for the new pension system. In addition to the employer's fixed pension contribution of 6%, employees can deposit a pension level ranging from 0% to 6% into their pension accounts to ensure their financial security in post-retirement life.

4. Agreement between employees and employer, and protective measures of various employees' interests:

    The Company respects the freedom of association and the rights of employees under the law. It is committed to providing smooth communication channels between employees and employers, including labor-management meetings and annual employee visits, to integrate all resources and work together toward a common goal. Although there is no labor union in our Company, the Company values our employees' opinions and holds regular meetings between employees and employers. In 2022, the Company held 4 labor-management meetings, with 50% of the representatives from the labor side and 50% from the employer side, in compliance with relevant regulations. The Company invited all employees to participate and encouraged them to provide valuable suggestions. At the same time, the Company can understand their opinions on the Company's management and welfare system, which can be used as a reference for future policy and system improvement. Therefore, up to the publication date of this annual report, the relationship between the employer and employees is harmonious, and there are no labor disputes and no need for mediation on the relationship between employers and employees.

5. Protective measures for the work environment and employee safety:

The Company has been committed to environmental protection, energy conservation, and employee care for a long time. We seek to fulfill our social responsibilities and move towards sustainable operation while growing the Company. In addition to complying with relevant domestic laws and regulations, the following table shows the specific measures:

Item	Content
Maintenance and inspection of various equipment	1. Annual inspection is conducted in accordance with the regulations of the building public safety inspection certification and reporting. 2. Annual inspections are commissioned in accordance with the provisions of the Fire Services Act. 3. Fire extinguishing equipment is inspected monthly in accordance with the provisions of the Fire Services Act. 4. Annual high- and low-voltage equipment inspections are commissioned in accordance with the Occupational Safety and Health Act. 5. Monthly lift maintenance and inspections are commissioned in accordance with the Occupational Safety and Health Act. 6. Monthly inspection and maintenance of electrical equipment is commissioned. 7. Regular inspection of specific high-pressure gas equipment is commissioned annually according to the Regulations for Safety Inspection of Hazardous Machines and Equipment. 8. Regular inspection of type 2 pressure vessels is commissioned annually according to the Regulations Governing Occupational Safety and Health.
Disaster prevention measures and response	1. Pursuant to the Occupational Safety and Health Act, the safety and health management program is established to prevent occupational disasters. 2. Conduct four-hour self-defense firefighting group training every six months pursuant to the Fire Services Act. 3. Pursuant to the Occupational Safety and Health Act and the Fire Services Act, the onsite safety and health personnel, various operational supervisors, operators, firefighting managerial personnel, and security supervisors are sent to external training. 4. By adopting ISO 14001 standards, the chemical emergency contingency

Item	Content
	program is conducted every year. 5. An emergency response team is set up to reduce the impact on personnel and property in an emergency.
Physiological health	1. Pursuant to the Occupational Safety and Health Act, new employees must undergo physical examinations, and incumbents have regular health examinations every year or every two years. 2. Drinking water is inspected quarterly according to the Drinking Water Management Act. 3. The work environment is measured for the operational environment every six months according to the Occupational Safety and Health Act. 4. Doctors engaged in labor health services are engaged by special arrangement and nurses are hired to provide labor health services and care for the physical and mental health of our employees according to the Occupational Safety and Health Act.
Informing contractors of operational hazardous factors	Pursuant to the Occupational Safety and Health Act, contractors shall be controlled for hazardous operations and informed of the hazards.
Continuous monitoring and auditing	For environmental safety operations in the plant area, other than the implementation of various environmental inspections and personnel working environment measurements pursuant to laws, a complete audit procedure has been established, as well as daily inspections, high-risk operation inspections, and supervisor patrols, to implement continuous improvement and enhance environmental safety performance.

(II) For the most recent year until the publication date of the annual report, actual or estimated losses arising as a result of labor disputes and any countermeasures taken:

Since its establishment, the Company has established a good communication channel between employers and employees to manage the relationship with each other sincerely. For employee welfare, employee relations, working conditions, and improving work efficiency, the Company has held quarterly employee-employer meetings to establish a harmonious working environment. As of the publication date of the annual report, there have been no other losses due to labor disputes.

(III) Cybersecurity management

1. State the cybersecurity risk management framework, cybersecurity policies, specific management plans, and the resources invested in cybersecurity management.

   The IT Department plans the cybersecurity policies, management plans, and the required resources and sends the plans to the President after coordinating with the departments with requirements.

2. List any losses suffered by the Company in the past two years and up to the publication date of the prospectus due to significant cybersecurity incidents, the possible impacts therefrom, and countermeasures. If a reasonable estimate cannot be

made, an explanation of the facts of why it cannot be made shall be provided.

VI. Material Contracts

Nature of contract	Contracting parties	Commencement date/expiration date	Major contents	Restrictions
Land lease	Heng I Chemical Company Ltd.	2015.0101~2024.12.31	For renting land	None
Land and plant lease	Heng I Chemical Company Ltd.	2020.1101~2030.10.31	For renting land and plants	None
Office building lease	Uranus Chemicals Co., Ltd.	2017.0101~2026.12.31	For renting office buildings	None
Long-term borrowings	Hua Nan Commercial Bank	2019.03.22~2024.06.18	Credit loans	None
Medium-term borrowings	O-Bank	2019.04.08~2026.04.07	Credit loans	Only applicable for the Program for Welcoming Overseas Taiwanese Businesses to Return to Invest in Taiwan
Medium-term borrowings	Mega Bank	2019.05.07~2026.06.15	Credit loans and loans of machinery equipment	Only applicable for the Program for Welcoming Overseas Taiwanese Businesses to Return to Invest in Taiwan

Six. Financial Overview

I. Condensed Balance Sheets, Comprehensive Income Statements, and CPAs’ Audit Opinions of the Last Five Years

(I) Condensed Balance Sheets and Comprehensive Income Statements - International Financial Reporting Standards (IFRS)

1. The condensed consolidated balance sheet of the Company and its subsidiaries

Unit: NT$ (thousand)

Item \ Year		2018	2019	2020	2021	2022
Current assets		3,513,801	2,936,335	2,980,654	5,694,810	6,515,445
Property, plant, and equipment		3,585,346	3,842,821	3,977,135	4,051,496	4,477,377
Intangible assets		-	-	-	-	-
Other assets		184,458	189,700	259,760	459,147	311,788
Total assets		7,283,605	6,968,856	7,217,549	10,205,453	11,304,610
Current liabilities	Before distribution	2,213,760	1,891,288	2,105,457	2,614,524	3,314,228
	After distribution	2,511,454	2,002,923	2,226,662	2,931,337	(Note 2)
Non-current liabilities		932,656	1,024,629	1,141,663	2,124,338	2,078,035
Total liabilities	Before distribution	3,125,300	2,915,917	3,247,120	4,738,862	5,392,263
	After distribution	3,422,994	3,027,552	3,368,325	5,055,675	(Note 2)
Equity attributable to owners of the parent company		2,862,944	3,321,360	3,253,193	4,720,996	4,998,297
Share capital		929,417	930,293	930,293	1,070,293	1,070,293
Additional paid-in capital		1,581,736	1,599,457	1,603,253	2,585,667	2,673,415
Retained earnings	Before distribution	1,011,905	825,786	868,001	1,204,411	1,377,222
	After distribution	714,211	714,151	746,796	887,598	(Note 2)
Other equity		(4,909)	(20,128)	(18,558)	(46,536)	(35,403)
Treasury stock		(14,066)	(14,048)	(129,796)	(92,839)	(87,230)
Non-controlling interests		654,222	731,579	717,236	745,595	914,050
Total equity	Before distribution	4,158,305	4,052,939	3,970,429	5,466,591	5,912,347
	After distribution	3,860,611	3,941,304	3,849,224	5,149,778	(Note 2)

Note 1: The above financial information has been audited or reviewed by CPAs.
Note 2: The distribution of earnings for FY2022 has not yet been resolved by the shareholders' meeting.

2. The condensed consolidated comprehensive income statement of the Company and its subsidiaries

Unit: NT$ (thousand)

Item \ Year	2018	2019	2020	2021	2022
Operating revenue	6,310,637	6,369,520	5,285,365	7,338,783	9,081,621
Operating margin	780,810	489,940	475,469	943,365	1,024,526
Operating income/loss	555,640	240,618	216,302	584,373	582,835
Non-operating income and expenses	(17,717)	(12,575)	(9,868)	21,223	150,861
Net profit before tax	537,923	228,043	206,434	605,596	733,696
Net income from continuing operations	429,430	153,067	165,645	448,420	530,100
Loss from discontinued operations	-	-	-	-	-
Net income	429,430	153,067	165,645	448,420	530,100
Other comprehensive income (Net income after tax)	(3,667)	(15,646)	(921)	(28,759)	8,523
Total comprehensive income	425,763	137,421	164,724	419,661	538,623
Profit attributable to owners of the parent	393,022	128,016	155,164	462,930	493,160
Profit attributable to non-controlling interests	36,408	25,051	10,481	(14,510)	36,940
Total comprehensive income attributable to owners of the parent	388,176	112,997	155,420	432,299	506,366
Total comprehensive income attributable to non-controlling interests	37,587	24,424	9,304	(12,638)	32,257
Earnings per share	4.63	1.40	1.73	4.67	4.72

Note 1: The above financial information has been audited or reviewed by CPAs.

3. The condensed balance sheet of the Company

Unit: NT$ (thousand)

Item / Year		2018	2019	2020	2021	2022
Current assets		2,394,900	1,921,522	1,966,946	4,095,135	4,654,366
Investments accounted for using the equity method		2,244,573	2,382,463	2,424,592	2,943,326	3,247,617
Property, plant, and equipment		514,667	537,189	456,598	462,455	444,243
Intangible assets		-	-	-	-	-
Other assets		16,198	66,736	112,855	187,609	216,552
Total assets		5,170,338	4,907,910	4,960,991	7,688,525	8,562,778
Current liabilities	Before distribution	1,612,679	1,139,814	1,183,249	1,807,545	2,487,469
	After distribution	1,910,373	1,251,449	1,304,454	2,124,358	(Note 2)
Non-current liabilities		53,576	446,736	524,549	1,159,984	1,077,012
Total liabilities	Before distribution	1,666,255	1,586,550	1,707,798	2,967,529	3,564,481
	After distribution	1,963,949	1,698,185	1,829,003	3,284,342	(Note 2)
Equity attributable to owners of parent		3,504,083	3,321,360	3,253,193	4,720,996	4,998,297
Share capital		929,417	930,293	930,293	1,070,293	1,070,293
Additional paid-in capital		1,581,736	1,599,457	1,603,253	2,585,667	2,673,415
Retained earnings	Before distribution	1,011,905	825,786	868,001	1,204,411	1,377,222
	After distribution	714,211	714,151	989,206	887,598	(Note 2)
Other equity		(4,909)	(20,128)	(18,558)	(46,536)	(35,403)
Treasury stock		(14,066)	(14,048)	(129,796)	(92,839)	(87,230)
Non-controlling interests		-	-	-	-	-
Total equity	Before distribution	3,504,083	3,321,360	3,253,193	4,720,996	4,998,297
	After distribution	3,206,389	3,209,725	3,374,398	4,404,183	(Note 2)

Note 1: The above financial information has been audited by CPAs.
Note 2: The distribution of earnings for FY2022 has not yet been resolved by the shareholders' meeting.

4. The condensed comprehensive income statement of the Company

Unit: NT$ (thousand)

Item \ Year	2018	2019	2020	2021	2022
Operating revenue	4,258,258	4,648,931	3,592,984	5,887,001	7,615,998
Operating margin	338,106	214,786	174,022	602,640	585,178
Operating income/loss	244,597	98,410	65,639	426,770	333,714
Non-operating income and expenses	196,636	68,813	100,699	146,522	303,999
Net profit before tax	441,233	167,223	166,338	573,292	637,713
Net income from continuing operations	393,022	128,016	155,164	462,930	493,160
Loss from discontinued operations	-	-	-	-	-
Net income (loss)	393,022	128,016	155,164	462,930	493,160
Other comprehensive income (Net income after tax)	(4,496)	256	(15,019)	(17,771)	17,527
Total comprehensive income	388,176	112,997	155,420	432,299	506,366
Profit attributable to owners of the parent	393,022	128,016	155,164	462,930	493,160
Profit attributable to non-controlling interests	-	-	-	-	-
Total comprehensive income attributable to owners of the parent	388,176	112,997	155,420	432,299	506,366
Total comprehensive income attributable to non-controlling interests	-	-	-	-	-
Earnings per share	4.63	1.40	1.73	4.67	4.72

Note 1: The above financial information has been audited by CPAs.

(II) Names of auditing CPAs and their audit opinions of the last five years

Year	Name of accounting firm	Name of CPAs	Audit opinion
2018	KPMG Taiwan	Wan-Yuan Yu; Chi-Lung Yu	Unqualified opinion
2019	KPMG Taiwan	Wan-Yuan Yu; Chi-Lung Yu	Unqualified opinion
2020	KPMG Taiwan	Wan-Yuan Yu; Chi-Lung Yu	Unqualified opinion
2021	KPMG Taiwan	Chi-Lung Yu; Pei-Chi Chen	Unqualified opinion
2022	KPMG Taiwan	Chi-Lung Yu; Pei-Chi Chen	Unqualified opinion

II. Financial Analysis for the Last Five Years

(I) Consolidated Financial Analysis of the Company

Analysis item \ Year		2018	2019	2020	2021	2022
Financial structure	Debt-to-asset ratio (%)	42.91	41.84	44.99	46.43	47.70
	Ratio of long-term capital to property, plant, and equipment (%)	141.40	132.13	128.54	187.36	178.46
Solvency	Current ratio (%)	158.73	155.26	141.57	217.81	196.59
	Quick ratio (%)	59.56	72.09	66.78	109.65	120.82
	Times interest earned	12.86	6.69	11.82	25.85	15.58
Operating capability	Receivables turnover ratio (times)	8.66	10.24	9.15	10.01	12.28
	Average collection days	42	36	40	36	30
	Inventory turnover (times)	3.76	3.63	3.58	4.08	3.58
	Payables turnover ratio (times)	29.24	32.17	26.31	42.36	78.50
	Days sales of inventory	97	101	102	89	102
	Property, plant, and equipment turnover (times)	1.91	1.71	1.35	1.83	2.13
	Total assets turnover (times)	0.97	0.89	0.75	0.84	0.84
Profitability	ROA (%)	7.12	2.60	2.55	5.37	5.30
	Return on equity (%)	11.53	3.73	4.13	9.5	9.32
	Ratio of net income before tax to paid-in capital (%)	57.88	24.51	22.19	56.58	68.55
	Net profit margin (%)	6.80	2.40	3.13	6.11	5.84
	Earnings per share (NT$)	4.63	1.40	1.73	4.67	4.72
Cash flow	Cash flow ratio (%)	-	63.97	16.27	-24.45	47.25
	Cash flow adequacy ratio (%)	7.65	40.79	41.96	16.67	41.02
	Cash reinvestment ratio (%)	-	13.56	3.11	-	12.32
Leverage	Operating leverage	1.39	1.98	2.27	1.50	1.50
	Financial leverage	1.09	1.20	1.10	1.04	1.09

Please explain the reasons for changes in financial ratios in the past two years. (Analysis may be waived when changes are less than 20%)

1. Decrease in times interest earned: Mainly due to the increase in borrowing interest rates resulting from continuous bank financing to support operating cycles.
2. Increase in receivables turnover ratio: Mainly due to the increase in revenue resulting from end customers' strong demand for power battery materials due to the growing demand for electric vehicles.
3. Increase in payables turnover: Mainly due to the increase in cost of goods sold resulting from end customers' strong demand for power battery materials due to the growing demand for electric vehicles.
4. Increase in ratio of net income before tax to paid-in capital: Mainly due to the foreign exchange advantage resulting from the appreciation of the US dollar.
5. Increase in cash flow ratio: Mainly due to the increase in net cash inflow as a result of the recovery of receivables, destocking of inventory, and revenue growth.

Note 1: The above financial information has been audited by CPAs.
Note 2: As of the publication date of the annual report, the financial statements of the most recent period of a company whose shares are listed on TWSE or traded on the OTC market that have been audited or reviewed by CPAs

shall also be analyzed.

Note 3: Financial analysis formulas:

1. Financial structure
   (1) Debt-to-asset ratio = total liabilities / total assets.
   (2) Ratio of long-term capital to property, plant, and equipment = (total equity + non-current liabilities) / net amount of property, plant, and equipment.
2. Solvency
   (1) Current ratio = current assets / current liabilities.
   (2) Quick ratio = (current assets - inventory - prepaid expenses) / current liabilities.
   (3) Times interest earned = net income before income tax and interest expenses / current interest expenses.
3. Operating capability
   (1) Receivables (including accounts receivable and business-related notes receivable) turnover ratio = net sales / average balance of receivables for each period (including accounts receivable and business-related notes receivable).
   (2) Average collection days = 365 / receivables turnover ratio.
   (3) Inventory turnover = cost of goods sold / average amount of inventory.
   (4) Payables (including accounts payable and business-related notes payable) turnover ratio = cost of goods sold / average balance of payables for each period (including accounts payable and business-related notes payable).
   (5) Days sales of inventory = 365 / inventory turnover.
   (6) Property, plant, and equipment turnover = net sales / average net of property, plant, and equipment.
   (7) Total assets turnover = net sales / average total assets.
4. Profitability
   (1) ROA = [net income + interest expenses x (1– tax rate)] / average total assets.
   (2) ROE = net income / average total equity.
   (3) Net profit margin = net income / net sales.
   (4) EPS = (income attributable to owners of the parent - stock dividend of preferred stocks) / weighted average number of issued shares. (Note 4)
5. Cash flow
   (1) Cash flow ratio = net cash flow from operating activities / current liabilities.
   (2) Net cash flow adequacy ratio = net cash flow from operating activities in the last five years / (capital expenditures + inventory increase + cash dividend) in the last five years.
   (3) Cash reinvestment ratio = (net cash flow from operating activities - cash dividend) / (gross property, plant, and equipment + long-term investments + other non-current assets + working capital). (Note 5)
6. Leverage:
   (1) Operating leverage = (net operating revenue - variable operating costs and expenses) / operating profit. (Note 6)
   (2) Financial leverage = operating profit / (operating profit - interest expenses).

Note 4: Pay special attention to the following when calculating the earnings per share using the formula above:

1. Use the weighted average number of ordinary shares rather than the number of outstanding shares at the end of the year.
2. Where there is a cash replenishment or treasury stock transaction, its circulation period should be considered when calculating the weighted average number of shares.
3. Where there is capital increase by transfer of surplus or additional paid-in capital, the calculation of earnings per share of previous years and half years should be retroactively adjusted according to the proportion of capital increase rather than the period the capital increase is issued.
4. If the preferred shares are non-convertible accumulative preferred shares, its annual dividend (distributed or not) should be deducted from the net profit after tax, or added to the net loss after tax. If the preferred shares are non-cumulative preferred shares, when there is a net profit after tax, the dividend of the preferred shares should be deducted from the net profit after tax; if there is a net loss after tax, no adjustment is required.

Note 5: Pay special attention to the following when analyzing cash flow:

1. Net cash flow from operating activities refers to the net cash inflow from operating activities in the cash flow statement.
2. Capital expenditure refers to the cash outflow for capital investments every year.
3. The increase in inventory is only included when the balance at the end of the period is greater than the balance at the beginning of the period. If the inventory is reduced at the end of the year, the amount should be treated as zero.
4. Cash dividends include the cash dividends of ordinary shares and preferred shares.
5. Gross property, plant, and equipment refers to the total value of property, plant, and equipment before accumulated depreciation is taken into account.

Note 6: The issuer should categorize operating costs and operating expenses as fixed or variable. When estimating or judging subjectively, consider its reasonableness and be consistent.

Note 7: If the Company's shares have no par value or are not in the denomination of NT$10, the calculation of ratios to paid-in capital should be based on the equity attributable to the owners of the parent company on the balance sheet.

(II) Standalone Financial Analysis of the Company

Item	Year	2018	2019	2020	2021	2022
Financial structure	Debt-to-asset ratio (%)	32.23	32.33	34.42	38.6	41.63
	Ratio of long-term capital to property, plant, and equipment (%)	691.25	701.45	827.37	1,271.69	1,367.57
Solvency	Current ratio (%)	148.5	168.58	166.23	226.56	187.11
	Quick ratio (%)	41.32	66.85	62.05	91.64	108.78
	Times interest earned	16.17	8.09	18.74	39.11	17.59
Operating capability	Receivables turnover ratio (times)	9.58	13.26	12.02	12.74	14.70
	Average collection days	38	28	30	28	25
	Inventory turnover (times)	3.84	3.81	3.67	4.55	4.03
	Payables turnover ratio (times)	42.89	43.07	26.2	56.58	128.35
	Days sales of inventory	95	96	99	80	91
	Property, plant, and equipment turnover (times)	8.11	8.84	7.23	12.81	16.80
	Total assets turnover (times)	0.9	0.92	0.73	0.93	0.94
Profitability	ROA (%)	8.77	2.91	3.3	7.51	6.45
	Return on equity (%)	12.35	3.75	4.72	11.61	10.15
	Ratio of net income before tax to paid-in capital (%)	47.47	17.98	17.88	53.56	59.58
	Net profit margin (%)	9.23	2.75	4.32	7.86	6.48
	Earnings per share (NT$)	4.63	1.4	1.73	4.67	4.72
Cash flow	Cash flow ratio (%)	-	-	-	-	49.71
	Cash flow adequacy ratio (%)	-	-	-	-	20.96
	Cash reinvestment ratio (%)	-	14.27	-	-	14.17
Leverage	Operating leverage	1.23	1.69	2.21	1.19	1.19
	Financial leverage	1.14	1.32	1.17	1.04	1.13

Please explain the reasons for changes in financial ratios in the past two years. (Analysis may be waived when changes are less than 20%)

1. Decrease in times interest earned: Mainly due to the increase in borrowing interest rates resulting from continuous bank financing to support operating cycles.
2. Increase in payables turnover: Mainly due to the increase in cost of goods sold resulting from end customers' strong demand for power battery materials due to the growing demand for electric vehicles.
3. Increase in property, plant, and equipment turnover: Mainly due to the increase in net sales resulting from end customers' strong demand for power battery materials due to the growing demand for electric vehicles.
4. Increase in cash flow ratio: Mainly due to the increase in net cash inflow as a result of the recovery of receivables, destocking of inventory, and revenue growth.

Note 1: The above financial information has been audited or reviewed by CPAs.

Note 2: As of the publication date of the annual report, the financial statements of the most recent period of a company whose shares are listed on TWSE or traded on the OTC market that have been audited or reviewed by CPAs shall also be analyzed.

Note 3: Financial analysis formulas:

1. Financial structure
   (1) Debt-to-asset ratio = total liabilities / total assets.

(2) Ratio of long-term capital to property, plant, and equipment = (total equity + non-current liabilities) / net amount of property, plant, and equipment.

2. Solvency
   (1) Current ratio = current assets / current liabilities.
   (2) Quick ratio = (current assets - inventory - prepaid expenses) / current liabilities.
   (3) Times interest earned = net income before income tax and interest expenses / current interest expenses.
3. Operating capability
   (1) Receivables (including accounts receivable and business-related notes receivable) turnover ratio = net sales / average balance of receivables for each period (including accounts receivable and business-related notes receivable).
   (2) Average collection days = 365 / receivables turnover ratio.
   (3) Inventory turnover = cost of goods sold / average amount of inventory.
   (4) Payables (including accounts payable and business-related notes payable) turnover ratio = cost of goods sold / average balance of payables for each period (including accounts payable and business-related notes payable).
   (5) Days sales of inventory = 365 / inventory turnover.
   (6) Property, plant, and equipment turnover = net sales / average net of property, plant, and equipment.
   (7) Total assets turnover = net sales / average total assets.
4. Profitability
   (1) ROA = [net income + interest expenses x (1– tax rate)] / average total assets.
   (2) ROE = net income / average total equity.
   (3) Net profit margin = net income / net sales.
   (4) EPS = (income attributable to owners of the parent - stock dividend of preferred stocks) / weighted average number of issued shares. (Note 4)
5. Cash flow
   (1) Cash flow ratio = net cash flow from operating activities / current liabilities.
   (2) Net cash flow adequacy ratio = net cash flow from operating activities in the last five years / (capital expenditures + inventory increase + cash dividend) in the last five years.
   (3) Cash reinvestment ratio = (net cash flow from operating activities - cash dividend) / (gross property, plant, and equipment + long-term investments + other non-current assets + working capital). (Note 5)
6. Leverage:
   (1) Operating leverage = (net operating revenue - variable operating costs and expenses) / operating profit. (Note 6)
   (2) Financial leverage = operating profit / (operating profit - interest expenses).

Note 4: Pay special attention to the following when calculating the earnings per share using the formula above:
1. Use the weighted average number of ordinary shares rather than the number of outstanding shares at the end of the year.
2. Where there is a cash replenishment or treasury stock transaction, its circulation period should be considered when calculating the weighted average number of shares.
3. Where there is capital increase by transfer of surplus or additional paid-in capital, the calculation of earnings per share of previous years and half years should be retroactively adjusted according to the proportion of capital increase rather than the period the capital increase is issued.
4. If the preferred shares are non-convertible accumulative preferred shares, its annual dividend (distributed or not) should be deducted from the net profit after tax, or added to the net loss after tax. If the preferred shares are non-cumulative preferred shares, when there is a net profit after tax, the dividend of the preferred shares should be deducted from the net profit after tax; if there is a net loss after tax, no adjustment is required.

Note 5: Pay special attention to the following when analyzing cash flow:
1. Net cash flow from operating activities refers to the net cash inflow from operating activities in the cash flow statement.
2. Capital expenditure refers to the cash outflow for capital investments every year.
3. The increase in inventory is only included when the balance at the end of the period is greater than the balance at the beginning of the period. If the inventory is reduced at the end of the year, the amount should be treated as zero.
4. Cash dividends include the cash dividends of ordinary shares and preferred shares.
5. Gross property, plant, and equipment refers to the total value of property, plant, and equipment before accumulated depreciation is taken into account.

Note 6: The issuer should categorize operating costs and operating expenses as fixed or variable. When estimating or judging subjectively, consider its reasonableness and be consistent.

Note 7: If the Company's shares have no par value or are not in the denomination of NT$10, the calculation of ratios to paid-in capital should be based on the equity attributable to the owners of the parent company on the balance sheet.

III. Audit Committee's Review Report: Refer to Attachment 1

IV. Consolidated Financial Statements of the Most Recent Year Audited by CPAs: Refer to Attachment 2

V. Standalone Financial Statements of the Most Recent Year Audited by CPAs: Refer to Attachment 3

VI. If the Company and Its Affiliated Companies Experienced Instances of Financial Difficulties in the Most Recent Year and Up to the Publication Date of This Annual Report, State Their Impact on the Financial Position of the Company: N/A.

Seven. Review of Financial Position and Financial Performance, and Risks

I. Financial Position

(I) Comparative Analysis of Financial Position

Unit: NT$ (thousand)

Item \ Year	2022 December 31	2021 December 31	Difference Amount	Difference %
Current assets	6,515,445	5,694,810	820,635	14.41%
Property, plant, and equipment	4,477,377	4,051,496	425,881	10.51%
Total assets	11,304,610	10,205,453	1,099,157	10.77%
Current liabilities	3,314,228	2,614,524	699,704	26.76%
Non-current liabilities	2,078,035	2,124,338	(46,303)	(2.18%)
Total liabilities	5,392,263	4,738,862	653,401	13.79%
Share capital	1,070,293	1,070,293	-	-
Additional paid-in capital	2,673,415	2,585,667	87,748	3.39%
Retained earnings	1,377,222	1,204,411	172,811	14.35%
Other equity	(35,403)	(46,536)	11,133	(23.92%)
Treasury stock	(87,230)	(92,839)	5,609	(6.04%)
Non-controlling interests	914,050	745,595	168,455	22.59%
Total equity	5,912,347	5,466,591	445,756	8.15%

(II) Reasons of any material change in the Company's assets, liabilities, or equity (change is more than 20% over two consecutive periods, and the amount of change exceeds NT$10 million) during the past 2 fiscal years:

1. Increase in current liabilities: Mainly due to the increase in bank borrowings to cover operating needs resulting from the expansion of revenue.
2. Increase in other equity: Mainly due to the impact of exchange rate fluctuations, which resulted in the increase of exchange differences arising from the translation of the financial statements of foreign operations.
3. Increase in non-controlling interests: Mainly due to the increase in profits of subsidiaries and the capital increase by cash conducted by Uranus Chemicals.

(III) Impact: No material impact.

(IV) Future response plan: Not applicable.

II. Financial Performance

(I) Comparative Analysis of Financial Performance

Unit: NT$ (thousand)

Item \ Year	2022	2021	Increase/decrease amount	Variation (%)
Operating revenue	9,081,621	7,338,783	1,742,838	23.75%
Operating cost	8,057,095	6,395,418	1,661,677	25.98%
Operating margin	1,024,526	943,365	81,161	8.60%
Operating expenses	441,691	358,992	82,699	23.04%
Net operating income	582,835	584,373	(1,538)	(0.26%)
Non-operating income and expenses	150,861	21,223	129,638	610.84%
Net profit before tax	733,696	605,596	128,100	21.15%
Income tax expense	203,596	157,176	46,420	29.53%
Net income of the year	530,100	448,420	81,680	18.22%
Other comprehensive income	8,523	(28,759)	37,282	(129.64%)
Total comprehensive income of the year	538,623	419,661	118,962	28.35%
Net income of the term attributable to:				
owners of the parent	493,160	462,930	30,230	6.53%
Non-controlling interests	36,940	(14,510)	51,450	(354.58%)
Total comprehensive income attributable to:				
owners of the parent	506,366	432,299	74,067	17.13%
Non-controlling interests	32,257	(12,638)	44,895	(355.24%)

(II) Reasons of any material change in the Company's operating revenue, operating profit, and net income before tax (change is more than 20% over two consecutive periods, and the amount of change exceeds NT$10 million) during the past 2 fiscal years:

1. Increase in operating revenue and operating costs: Mainly due to revenue and cost increases driven by performance as a result of the strong shipments of power battery materials to satisfy the expanding electric vehicle market.
2. Increase in operating expenses: Mainly due to the increase in operating expenses related to the growth in revenue.

3. Increase in non-operating income and expenses: Mainly due to the foreign exchange advantage resulting from payments in US dollars with the appreciation of the US dollar.
4. Increase in net profit before tax: Mainly due to continued growth in performance. Also, as purchases and sales are mainly denominated in US dollars, exchange benefits have increased substantially due to the strong US dollar resulting from interest rate hikes.
5. Increase in income tax expense: Mainly due to the recognition of income tax expenses as a result of the increase in profits.
6. Increase in other comprehensive income and total comprehensive income: Mainly due to continued growth in performance. Also, as purchases and sales are mainly denominated in US dollars, exchange benefits have increased substantially due to the strong US dollar resulting from interest rate hikes.

(III) Expected Sales Volume and Basis: Not applicable.

(IV) Possible Impact on the Company's Future Financial and Business Conditions: No material impact.

(V) Response Plan: Not applicable.

III. Cash Flow

(I) Analysis of Consolidated Cash Flow Changes of the Year

Item \ Year	2022	2021	Change (%)
Cash flow ratio (%)	47.25	(24.45)	(293.25%)
Cash flow adequacy ratio (%)	41.02	16.67	147.15%
Cash reinvestment ratio (%)	12.32	-	-
Analysis and explanation of the changes: Mainly due to the increase in net cash inflow as a result of the recovery of receivables, destocking of inventory, and revenue growth.			

(II) Plans for Improving Liquidity

The Company currently has enough liquidity and cash.

(III) Analysis of Consolidated Liquidity for the Coming Year

Unit: NT$ (thousand)

Cash balance, beginning	Expected annual net cash flow from operating activities	Expected annual cash outflow	Expected cash surplus (deficit)	Remedial measures for deficits in expected cash and cash equivalents	
				Investment plans	Financial plans
3,071,740	100,000	(1,10,000)	2,071,740	None	Bank loans

1. Analysis of cash flow changes for the coming year:
   In the coming year, it is expected that the Company's business will grow steadily, the payment of cash dividends will be steady, and capital expenditures for plant and equipment will decrease. Cash is expected to increase in the coming year compared to the beginning of the period.
2. Response to expected cash deficit: N/A.

IV. Impact of Major Capital Expenditures on Financial Operations in the Recent Year

To fill customers' orders, improve capacity utilization, and maintain product quality, the Company and its subsidiaries expanded the cobalt sulfate crystallization and electronic-grade sulfuric acid production lines in FY2021, financed by cash capital increase and bank loans. The steady growth in the Company's performance benefits the financial operations of the Company and its subsidiaries.

V. Reinvestment Policy in the Past Year, Profit/Loss Analysis, Improvement Plan, and Investment Plan for the Coming Year

(I) Policy for investments in other companies:

In the most recent year, the Company's reinvestment policy seeks to respond to business expansion needs and Company development.

(II) Analysis of reasons for profit/loss:

As the Company's domestic and foreign reinvestment operations have yet to reach economies of scale, a slight loss occurred for Uranus Chemicals, Coremax Ningbo, and Jiangxi Tianjiang in the recent year. The remaining investee companies, including overseas entities in Zhangzhou and Thailand and domestic Heng I Chemical, continue to profit steadily.

(III) Investment plan for the following year: Establish a subsidiary in Vietnam.

VI. Risk Issues and Assessment for the Most Recent Year Up to the Publication Date of the Annual Report

(I) Impact of interest rate and exchange rate changes and inflation on the Company's profit and response measures:

1. Interest rate

Unit: NT$ (thousand)

Item	2022		2021	
	Amount	Share of net sales	Amount	Share of net sales
Interest expense	50,323	0.55%	24,370	0.33%

The Company's working capital was mainly financed. The interest expenses of 2021 and 2022 were NT$24,370 and NT$50,323, respectively, accounting for 0.33% and 0.55% of net operating revenue. Overall, the interest expenses of 2021 and 2022 accounted for a very low proportion of the year’s revenue, and the impact on profit was limited. Other than adequately increasing its working capital, the Company maintains a close relationship with its correspondent banks, monitors money market interest rates and financial information at all times, and selects the most favorable capital applications and response measures depending on the cost of funds and possible return and risks, reducing the interest rate risk arising from operations.

2. Exchange rate

Unit: NT$ (thousand)

Item	2022		2021	
	Amount	Share of net sales	Amount	Share of net sales
Exchange gains (losses)	120,667	1.33%	2,403	0.03%

The Company mainly uses USD as the denomination of receivables and payables. Nearly 80% of the receivables and payables are denominated in USD, resulting in a certain degree of natural hedging benefits. Since the portion of exchange gains and losses to net sales in 2022 and 2021 were not high, the exchange rate fluctuations did not significantly impact the Company's operations.

In addition to continuously managing foreign currency positions, the Company maintains close contact with correspondent banks to obtain more extensive foreign exchange information and preferential exchange rate quotations to reduce the chance of exchange rate fluctuations significantly impacting the Company.

3. Inflation changes:

The Company's purchases and sales are based on market price quotations. Currently, there is no significant impact due to inflation.

(II) Policies, main causes of gain or loss, and future response measures with respect to high-risk, highly-leveraged investments, lending, endorsements, guarantees, and derivative transactions:

1. The Company has established “Procedures for Acquisition or Disposal of Assets," "Procedures for Endorsement and Guarantees," and "Procedures for Lending Funds to Others," which were all approved by shareholders' meetings and are the basis for the Company to execute related transactions.
2. The Company has not engaged in high-risk, highly-leveraged investments in the most recent fiscal year and up to the publication date of the annual report.
3. The Company has endorsed and guaranteed the operations of its subsidiaries Coremax (BVI) Corporation and Uranus Chemicals Co., Ltd. in the most recent year and up to the publication date of the annual report. The above transactions were implemented based on the Company’s Procedures for Endorsement and Guarantees.
4. In the most recent year and up to the publication date of the prospectus, the Company or its subsidiaries lent funds to subsidiaries in need to fill the operational needs of the Company's subsidiaries Coremax (Thailand) Co., Ltd., Coremax Ningbo Chemical Co., Ltd., and Coremax (Zhangzhou) Chemical Co., Ltd. The lending of funds and transactions were executed based on the Procedures for Lending Funds to Others of the Company and its subsidiaries.
5. The Company trades derivative products only for non-trading purposes. To mitigate exchange rate risks and minimize the impact of exchange rate fluctuations on the Company’s profits, the Company adopts forward exchange hedging, given changes in the foreign exchange market and demand for foreign exchange funds.

(III) Future R&D projects and expected R&D investment:

1. Future research plans
   (1) Short-term plans
      A. Improve the quality of existing products to meeting customers' needs.
      B. Improve the Company's current manufacturing process to produce products with different physical specifications.
      C. Improve the processing efficiency of the waste recovery business to realize a circular economy.
      D. Improve the quality of the fertilizer product lines.

(2) Medium- and long-term plans

A. The development of hydroxide compounds with different ratios of nickel, cobalt and manganese in line with market development needs.

B. Diversify nickel and cobalt metal material recovery technology and develop new processes to improve recovery yield, efficiency, and quality.

2. Expected R&D investment

The Company's R&D direction is to continue optimizing the production process and improving quality, enhancing production efficiency, reducing raw material consumption, strengthening recycling, and developing next-generation products with customers.

The Company's R&D component consists of process development and new product development. Costs are mainly composed of personnel expenses for R&D units and the purchase of R&D equipment. Therefore, the R&D investment for this part is expected to be approximately NT$25,000 thousand, accounting for about 10% of the total annual operating expenses.

(IV) Impact of major changes in government policies and laws at home and abroad on Company finance and business and response measures:

The Company handles its daily operations according to the relevant domestic and foreign laws and regulations. It also monitors domestic and foreign policy development trends and regulation changes to grasp and respond to market environment changes entirely. Therefore, up to the annual report's publication date, the changes in domestic and foreign policies have had no significant impact on the Company's finance and business.

(V) Impact of recent technological (including cybersecurity risks) and industry changes on the Company's finance and business and response measures:

The Company watches closely technological changes and the evolution of technological development related to the industry in which it operates and quickly grasps industry movements. In addition, it continuously strengthens and improves its R&D capabilities and actively expands future market applications. Therefore, technological and industry changes impact the Company positively.

(VI) Impact of corporate image change on crisis management and response measures:

The Company upholds the business philosophy of ethics and pragmatism. Up to the publication date of the annual report, no incidents that could affect the Company’s image have occurred, and the Company has issued a corporate social responsibility report.

(VII) Expected benefits and possible risks of mergers and acquisitions and response measures:

The Company had no plans to conduct mergers and acquisitions in the most recent year and up to the publication date of the annual report. In the future, shall the aforementioned related plans be evaluated and implemented, they will be handled according to relevant laws and regulations and various internal management procedures of the Company.

(VIII) Expected benefits and possible risks of factory expansions and response measures:

The Company's subsidiaries, Heng I Chemical and Uranus Chemicals, have purchased new land and constructed plants to consider industrial development and expand operations. These have been implemented according to the relevant regulations and laws while complying with the internal management procedures of the Company and its subsidiaries, seeking to achieve the expected benefits and simultaneously reduce possible risk factors.

(IX) Risks associated with over-concentration in purchase or sale and response measures:

1. Risk assessment of over-concentrated purchases and response measures

   The Company's top ten suppliers are mostly well-known foreign suppliers of metal raw materials, chemical raw materials, and fertilizer raw materials. The proportion of purchases from a single supplier is less than 30%, so purchases are not concentrated.

   As an oligopoly currently supplies the world's metal, the Company conducts business with major manufacturers in the world for the Company's metal raw materials. The Company usually allocates purchases based on cost considerations. The Company also monitors changes in the raw materials supply market. It purchases main raw materials from two or more suppliers and regularly surveys and evaluates suppliers to ensure a stable supply source. Therefore, the Company should be able to control the risk of concentrated purchasing reasonably.

   In essence, the Company actively evaluates market information and conditions for purchases. It continues to develop outstanding high-quality suppliers to diversify the risk of concentrated purchases from a single supplier. The Company is not be exposed to risks of over-concentrated purchases.

2. Risk assessment of over-concentrated sales and response measures

   The Company is mainly a manufacturer of oxidation catalysts, power battery materials, compound fertilizers, and specialty chemical materials. Its products are applied in the chemical fiber, secondary lithium battery, agriculture, and electronics industries, and customers are all well-known companies or agents in the industry. The net revenue ratio to CP from 2020 to 2022 were 30.24%, 36.59%, and 35.67%, respectively, due to the continued growth in the sales amount of the Company to CP as a result of continued growth in the demand for electric vehicle batteries, rise in metal prices, and increase in OEM prices in recent years.

Based on industry experience, the Company will continue to develop new customer sources and product application markets with its stable product quality to diversify sales risks. There should be no excessive reliance on a single customer or customer source. In terms of sales targets, in addition to stable and cooperative relationships with customers, the products and quality supplied by the Company can satisfy customer demand. The Company is a long-term partner of well-known domestic and overseas customers.

(X) Impact of and risks relating to mass transfer or change of equity of directors, supervisors, or shareholders with shareholdings of over 10% and response measures: N/A.

(XI) Impact and risks of changes in management on the Company and response measures: N/A.

(XII) Litigious and non-litigious matters. List major litigious, non-litigious, or administrative disputes that involve the Company and/or any company director, any company supervisor, the president, any person with actual responsibility for the firm, any major shareholder holding a stake of more than 10 percent, and any subordinate company and have been concluded through a final and unappealable judgment or are still under litigation: N/A.

(XIII) Other significant risks and response measures: N/A.

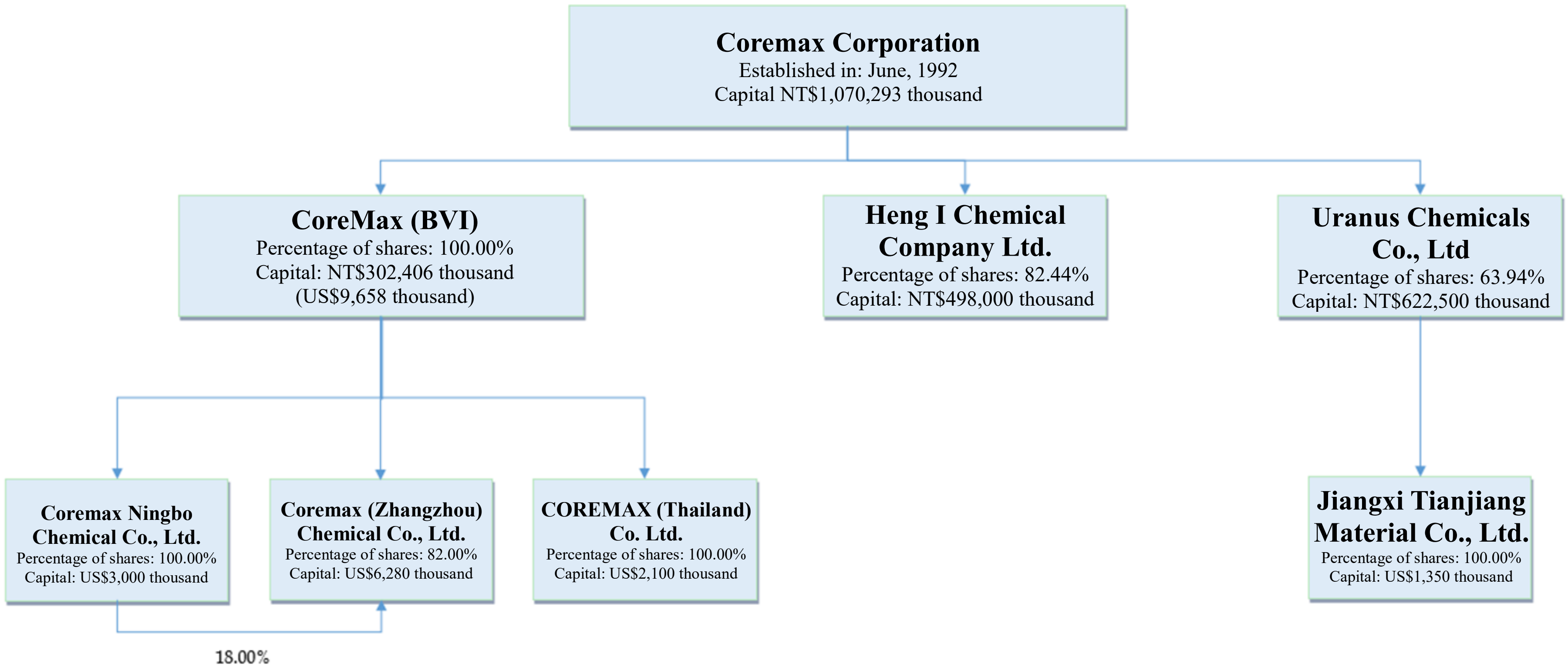
VII. Other important matters: None.

VIII. Special Disclosures

I. Profiles of Affiliated Companies

(I) Organization chart of affiliated companies

Date: March 31, 2023



(II) Basic information of affiliated companies

Date: April 30, 2023 NT$1,000

Company name	Date of establishment	Address	Paid-in capital	Main business/products
Coremax (BVI) Corporation	November, 2001	British Virgin Islands	USD9,658	Invests in various businesses
Coremax Ningbo Chemical Co., Ltd.	September, 2004	Ningbo, China	USD3,000	Oxidation catalysts
Coremax (Zhangzhou) Chemical Co., Ltd.	October, 2011	Zhangzhou, China	USD6,280	Oxidation catalysts
Coremax (Thailand) Co., Ltd.	March, 2009	Rayong, Thailand	USD2,100	Oxidation catalysts
Heng I Chemical Company Ltd.	May, 1961	Miaoli, Taiwan	NTD498,000	Organic/chemical fertilizer
Uranus Chemicals Co., Ltd	July, 1975	Hsinchu, Taiwan	NTD622,500	Oxalic acid, oxalate, etchant, rare earth chemicals
Jiangxi Tianjiang Material Co., Ltd.	January, 2001	Jiangxi, China	USD1,350	Oxalate

(III) Controlling and subordinate companies with identical shareholders: N/A.

(IV) Overall industries covered by affiliates and their interactions and division of work

Company name	Business operations	Relationship with the Company	Division of work
Coremax (BVI) Corporation	Investment company	A subsidiary of the Company	Invests in various businesses
Coremax Ningbo Chemical Co., Ltd.	Manufacture and sale of oxidation process catalysts	A second-tier subsidiary of the Company through reinvestment through Coremax (BVI) Corporation	The main raw materials are purchased by headquarters and produced locally to serve customers in China
Coremax (Zhangzhou) Chemical Co., Ltd.	Manufacture and sale of oxidation process catalysts	A second-tier subsidiary of the Company through reinvestment through Coremax (BVI) Corporation	The main raw materials are purchased by headquarters and produced locally to serve customers in China

Company name	Business operations	Relationship with the Company	Division of work
Coremax (Thailand) Co., LTD.	Manufacture and sale of oxidation process catalysts	A second-tier subsidiary of the Company through reinvestment through Coremax (BVI) Corporation	The main raw materials are purchased by headquarters and produced locally to serve customers in Southeast Asia
Heng I Chemical Company Ltd.	Manufacture and sale of fertilizers and chemical raw materials	A subsidiary of the Company	Not applicable
Uranus Chemicals Co., Ltd	Manufacture and sale of oxalic acid, etchant, oxalate, and rare earth chemicals	A subsidiary of the Company	Not applicable
Jiangxi Tianjiang Material Co., Ltd.	Manufacture and sale of oxalic acid, etchant, oxalate, and rare earth chemicals	A second-tier subsidiary of the Company through reinvestment through Uranus Chemicals Co., Ltd	Not applicable

(V) Information on the directors of affiliates

Company name	Title	Name	Shares held	
			Shares (thousand shares)	Shareholding ratio
Coremax (BVI) Corporation	Chairman	Ho, Chi-Cheng	9,658	100.00%
Coremax Ningbo Chemical Co., Ltd.	Chairman	Ho, Chi-Cheng	(Note)	100.00%
Coremax (Zhangzhou) Chemical Co., Ltd.	Chairman	Ho, Chi-Cheng	(Note)	82.00%
Coremax (Thailand) Co., Ltd.	Chairman	Ho, Chi-Cheng	70	100.00%
Heng I Chemical Company Ltd.	Chairman	Ho, Chi-Cheng	41,058	82.44%
Uranus Chemicals Co., Ltd	Chairman	Ho, Chi-Cheng	39,804	63.94%
Jiangxi Tianjiang Material Co., Ltd.	Chairman	Ho, Chi-Cheng	(Note)	100.00%

Note 1: The company is a limited liability company, so there are no shares.

(VI) Business overview of affiliates

Date: December 31, 2022 Unit: NT$ (thousand)

Company name	Capital	Total assets	Total liabilities	Net worth	Operating revenue	Operating income	Income of the term (after tax)	Earnings per share (NT$) (after tax)
Coremax (BVI) Corporation	302,406	654,992	27	654,966	-	(120)	54,994	5.69
Coremax Ningbo Chemical Co., Ltd.	98,482	244,347	70,877	173,470	230,088	1,078	(262)	(Note 2)
Coremax (Zhangzhou) Chemical Co., Ltd.	185,654	320,558	32,271	288,287	344,090	55,521	38,177	(Note 2)
Coremax (Thailand) Co., Ltd.	67,047	132,082	51,177	80,905	105,038	15,958	14,440	206.29
Heng I Chemical Company Ltd.	498,000	3,088,603	1,235,478	1,853,126	951,173	112,730	109,548	2.20
Uranus Chemicals Co., Ltd	622,500	2,200,159	675,407	1,524,752	451,145	48,156	(46,964)	(0.82)
Jiangxi Tianjiang Material Co., Ltd.	43,947	19,095	2,963	16,131	-	(918)	(407)	(Note 2)

Note 1: Coremax (Thailand) Co., Ltd.; 1,000 THB per share.
Note 2: The company is a limited liability company, so it is not calculated.

II. Progress of private placement of securities during the last year and up to the publication date of the annual report: N/A.

III. Holding or disposal of stocks of the Company by subsidiaries in the last year and up to the publication date of the annual report:

Date: December 31, 2022; Unit: NT$ (thousand)

<table>
<tr><th>Subsidiary name</th><th>Paid-in capital</th><th>Sources of funds</th><th>Ratio of shares held by the Company</th><th>Acquisition or disposition date</th><th>Number and amount of shares acquired</th><th>Number and amount of shares disposed of</th><th>Investment gain or loss</th><th>Number and amount of shares held at the end of the year or up to the publication date of the annual report</th><th>Pledge status</th><th>Amount of endorsement/guarantee provided to the subsidiary by the Company</th><th>Amount loaned to the subsidiary by the Company</th></tr>
<tr><td rowspan="5">Uranus Chemicals Co., Ltd</td><td rowspan="5">622,500</td><td rowspan="5">Self-funded</td><td rowspan="5">63.94%</td><td>Before the last two years</td><td>2,869,996 shares</td><td>-</td><td rowspan="5">85,995</td><td rowspan="5">673,495 shares
Cost 5,014
Fair value 63,039</td><td>None</td><td rowspan="5">100,000</td><td>None</td></tr>
<tr><td>2013/11/1</td><td>143,499 shares (Note 1)</td><td>-</td><td>None</td><td>None</td></tr>
<tr><td>2021</td><td>-</td><td>650,000 shares
91,782</td><td>N/A</td><td>None</td></tr>
<tr><td>2022</td><td>-</td><td>1,150,000 shares
152,768</td><td>N/A</td><td>None</td></tr>
<tr><td>This year up to the publication date of the annual report</td><td>-</td><td>540,000 shares
55,177</td><td>None</td><td>None</td></tr>
</table>

Note 1: Income from the distribution of stock dividends.

IV. Other supplemental information: None.

V. Corporate events with material impact on shareholders' equity or stock prices set forth in Article 36, Paragraph 3, Subparagraph 2 of the Securities and Exchange Act in the last year and up to the publication date of the annual report: None.

Attachment 1

Audit Committee’s Review Report

Coremax Corporation
Audit Committee Report

It is agreed to and resolved by the Audit Committee and the Board of Directors that the Company's FY2022 Business Report, Financial Statement, Consolidated Financial Reports, and Proposal for Earning Distribution. Among them, Financial Statement and Consolidated Financial Reports were audited and certified by Chi-Lung Yu and Pei-Chi Chen, CPAs of KPMG in Taiwan, and an audit report which refers to the Financial Statement and Consolidated Financial Reports was issued.

The Business Report, Financial Statement, Consolidated Financial Reports, and Proposal for Earning Distribution have been reviewed and determined to be correct and accurate by the Audit Committee members of Coremax Corporation. According to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, we hereby submit this report.

To

2023 Annual Meeting of Shareholders of Coremax Corporation

Chairman of the Audit Committee: Wang, Wen-Tsung

March 1, 2023

Attachment 2

Consolidated financial statements of the recent year, audited and certified by CPAs

Stock Code:4739

Coremax Corporation and Subsidiaries

Consolidated Financial Statements

With Independent Auditors' Report
For the Years Ended December 31, 2022 and 2021

The independent auditors' report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' report and consolidated financial statements, the Chinese version shall prevail.

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Representation Letter

The entities that are required to be included in the combined financial statements of Coremax Corporation as of and for the year ended December 31, 2022 under "the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements" of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standards No. 10 endorsed by the Financial Supervisory Commission, "Consolidated Financial Statements." In addition, the information required to be disclosed in the combined financial statements is included in the above-mentioned consolidated financial statements. Consequently, Coremax Corporation and Subsidiaries do not prepare a separate set of combined financial statements.

Company name: Coremax Corporation
Chairman: Chi-Cheng Ho
Date: March 1, 2023

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Xinyi Road, Taipei City 110615, Taiwan (R.O.C.)
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傳 真 Fax + 886 2 8101 6667
網 址 Web kpmg.com/tw

Independent Auditors' Report

To the Board of Directors
Coremax Corporation:

Opinion

We have audited the consolidated financial statements of Coremax Corporation ("the Company") and its subsidiaries ("the Group"), which comprise the consolidated balance sheets as of December 31, 2022 and 2021, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IASs"), interpretations as well as related guidance endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Norm of Professional Ethics for Certified Public Account of Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2022. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Based on our judgment, the key audit matters should be reflected in our report are as follow:

1. Loss allowance assessment of Receivables

   Please refer to Note 4(7) "Financial instruments" for the accounting policies of loss allowance assessment of receivables, Note 5 " for the relevant accounting estimation, and major sources of assumption uncertainty" ; and Note 6(4) "Notes and accounts receivable, net" to the consolidated financial statements for the details of relevant disclosures.

Description of key audit matters:

The Group has a worldwide customer base. As such, the Group may encounter difficulty in obtaining financial information of the customers due to the rapid changes in the business environment which included the industry, technology, market, and economic, as well as legal matters. When assessing the expected credit loss of its receivables during its lifetime, the receivables are measured based on the factors such as aging analysis of accounts receivable, customers' financial status, historical collection experience, current market conditions, and consideration of forward-looking information. The assessment of allowance for loss on accounts receivables involved subjective judgment of management, which has been identified as one of our key audit matters.

How the matter was addressed in our audit:

Our main audit procedures included: Obtaining and checking the accuracy of the impairment loss calculation from the management of the accounts receivable ; Checking the completeness of the aging analysis of the receivables and accuracy of the aging bracket by sampling, and analyzing the receivables aging and historical receivables collection record and customer credit risk concentration in measuring the appropriateness of the expected credit loss rate in order to evaluate the reasonableness of the provision amount of the account receivable loss allowance of the Group, and evaluating the adequacy of the Group' s disclosures in the accounts.

2. Valuation of Inventories

   Please refer to Note 4(8) "Inventories" for the accounting policies of inventories valuation, Note 5 "for the relevant accounting estimation, and major sources of assumption uncertainty", and Note 6(5) "Inventories" to the consolidated financial statements for the details of relevant disclosures.

   Description of key audit matters:

   The Group's inventories are measured at the lower of cost and net realizable value. The Group will exercise judgment in estimating the net realizable value of its inventories as at reporting date. Estimation of net realizable value might subject to significant changes due to the fluctuations of the market and rapid changes in technology. Therefore, estimation of devaluation loss that reduce inventory to market value is one of our key audit matters.

   How the matter was addressed in our audit:

   Our principal audit procedures included: Understanding and evaluating the assessment performed by the management in calculating the net realizable value, as well as vouching to relevant documents for samples selected; evaluating the adequacy of the provisions policy ; assessing whether the valuation of inventories did follow such policy; and considering the adequacy of the Group's disclosures in the accounts.

Other Matter

The Company has prepared its parent-company-only financial statements as of and for the years ended December 31, 2022 and 2021, on which we have issued an unmodified opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the IFRSs, IASs, interpretations as well as related guidance endorsed by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance (including members of the Audit Committee) are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Chi-Lung Yu and Pei-chi Chen.

KPMG

Taipei, Taiwan (Republic of China)
March 1, 2023

Notes to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with the accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally accepted and applied in the Republic of China.

The independent auditors' report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' report and consolidated financial statements, the Chinese version shall prevail.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

Coremax Corporation and subsidiaries

Consolidated Balance Sheets

December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

Assets	December 31, 2022 Amount	%	December 31, 2021 Amount	%
Current assets:				
Cash and cash equivalents (note 6(1))	$ 3,071,740	27	1,882,198	18
Financial assets at fair value through profit or loss－current (note 6(2))	51,655	-	-	-
Notes receivable, net (note 6(4))	23,817	-	14,874	-
Accounts receivable, net (note 6(4))	586,332	5	798,006	8
Inventories (note 6(5))	2,252,209	20	1,907,627	19
Prepayments to suppliers	259,068	2	920,389	9
Other financial assets－current (notes 6(2) and (9))	70,398	1	49,958	1
Other current assets, others (note 6(8))	200,226	2	121,758	1
	6,515,445	57	5,694,810	56
Non-current assets:				
Financial assets at fair value through profit or loss－non-current (note 6(2))	-	-	6,408	-
Financial assets at fair value through other comprehensive income－non-current (note 6(3))	3,369	-	37,000	-
Property, plant and equipment (notes 6(10) and 8)	4,477,377	40	4,051,496	40
Right-of-use assets (note 6(11))	35,479	-	41,047	-
Deferred tax assets (note 6(18))	96,047	1	53,121	1
Net defined benefit asset－non-current (note 6(17))	15,156	-	11,742	-
Other financial assets-non current (notes 6(9) and 8)	111,626	1	112,462	1
Other non-current assets (note 6(8))	50,111	1	197,367	2
	4,789,165	43	4,510,643	44
Total assets	**$ 11,304,610**	**100**	**10,205,453**	**100**

Liabilities and Equity	December 31, 2022 Amount	%	December 31, 2021 Amount	%
Current liabilities:				
Short-term notes and bills payable (note 6(12))	$ -	-	80,000	1
Short-term borrowings (notes 6(13) and 8)	2,247,855	20	1,906,362	19
Notes payable	432	-	26,808	-
Accounts payable	73,221	1	104,816	1
Other payables (note 6(14))	347,574	3	176,556	2
Current tax liabilities (note 6(16))	178,103	2	98,089	1
Current lease liabilities	3,341	-	4,988	-
Long-term borrowings, current portion (notes 6(13) and 8)	106,785	1	62,291	1
Other current liabilities (note 6(14))	356,917	3	154,614	1
	3,314,228	30	2,614,524	26
Non-current liabilities:				
Financial liabilities at fair value through profit or loss－non-current (note 6(2))	2,482	-	-	-
Convertible bonds payable (note 6(15))	682,940	6	678,528	7
Long-term borrowings (notes 6(13) and 8)	1,018,376	9	1,095,161	11
Deferred tax liabilities (note 6(18))	357,975	3	331,065	3
Non-current lease liabilities (note 6(16))	9,464	-	12,801	-
Net defined benefit liability－non-current (note 6(17))	6,691	-	6,676	-
Deposits received	107	-	107	-
	2,078,035	18	2,124,338	21
Total liabilities	5,392,263	48	4,738,862	47
Equity (notes 6(6), (15) and (19)):				
Equity attributable to parent company shareholders:				
Ordinary share capital	1,070,293	9	1,070,293	10
Capital surplus	2,673,415	24	2,585,667	25
Retained earnings	1,377,222	12	1,204,411	12
Other equity interest	(35,403)	-	(46,536)	-
Treasury shares	(87,230)	(1)	(92,839)	(1)
	4,998,297	44	4,720,996	46
Non-controlling interests	914,050	8	745,595	7
Total equity	5,912,347	52	5,466,591	53
Total liabilities and equity	**$ 11,304,610**	**100**	**10,205,453**	**100**

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

Coremax Corporation and subsidiaries

Consolidated Statements of Comprehensive Income

For the years ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars, except for earnings per share)

	2022 Amount	2022 %	2021 Amount	2021 %
Net operating revenue (note 6(21))	$ 9,081,621	100	7,338,783	100
Operating costs (notes 6(5), (17) and (22))	8,057,095	89	6,395,418	87
Gross profit	1,024,526	11	943,365	13
Operating expenses (notes 6(4), (17) and (22)):				
Selling expenses	134,621	1	101,442	2
General administrative expenses	286,512	3	227,550	3
Research and development expenses	20,558	-	8,971	-
Expected credit loss	-	-	21,029	-
Total operating expenses	441,691	4	358,992	5
Net operating income	582,835	7	584,373	8
Non-operating income and expenses:				
Other income (note 6(23))	18,350	-	23,551	-
Other gains and losses, net (note 6(23))	51,191	1	18,402	-
Finance costs (notes 6(15), (16), and (23))	(50,323)	(1)	(24,370)	-
Total interest income (note 6(23))	10,976	-	1,237	-
Foreign exchange gains (note 6(24))	120,667	1	2,403	-
	150,861	1	21,223	-
Income before income tax	733,696	8	605,596	8
Income tax expenses (note 6(18))	203,596	2	157,176	2
Net income	530,100	6	448,420	6
Other comprehensive income:				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurements of defined benefit plans	2,601	-	(2,830)	-
Unrealized gains (losses) of financial assets measured at fair value through other comprehensive income (note 6(3))	(7,756)	-	(12,203)	-
Income tax related to items that will not be reclassified to profit or loss	-	-	-	-
	(5,155)	-	(15,033)	-
Items that may be reclassified subsequently to profit or loss				
Exchange differences on translation of foreign financial statements	18,059	-	(18,169)	-
Income tax relating to item that may be reclassified subsequently (note 6(18))	4,381	-	(4,443)	-
Total items that may be reclassified subsequently to profit or loss	13,678	-	(13,726)	-
Other comprehensive income	8,523	-	(28,759)	-
Total comprehensive income	**$ 538,623**	**6**	**419,661**	**6**
Net income attributable to:				
Shareholders of the parent	$ 493,160	6	462,930	6
Non-controlling interests	36,940	-	(14,510)	-
	$ 530,100	**6**	**448,420**	**6**
Total comprehensive income attributable to:				
Shareholders of the parent	$ 506,366	6	432,299	6
Non-controlling interests	32,257	-	(12,638)	-
	$ 538,623	**6**	**419,661**	**6**
Earnings per share (New Taiwan Dollars) (note 6(20)):				
Basic earnings per share	**$ 4.72**		**4.67**	
Diluted earnings per share	**$ 4.47**		**4.62**	

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
Coremax Corporation and subsidiaries
Consolidated Statements of Changes in Equity
For the years ended December 31, 2022 and 2021
(Expressed in Thousands of New Taiwan Dollars)

			Retained earnings				Other equity interest						
	Ordinary share capital	Capital surplus	Legal reserve	Special reserve	Retained earnings	Total	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Total other equity interest	Treasury shares	Subtotal of equity attributable to the shareholders of the parent	Non-controlling interests	Total equity
Balance at January 1, 2021	$ 930,293	1,603,253	222,255	20,130	625,616	868,001	(13,411)	(5,147)	(18,558)	(129,796)	3,253,193	717,236	3,970,429
Net income (loss) for the period	-	-	-	-	462,930	462,930	-	-	-	-	462,930	(14,510)	448,420
Other comprehensive income (loss) for the period	-	-	-	-	(2,653)	(2,653)	(17,771)	(10,207)	(27,978)	-	(30,631)	1,872	(28,759)
Total comprehensive income (loss) for the period	-	-	-	-	460,277	460,277	(17,771)	(10,207)	(27,978)	-	432,299	(12,638)	419,661
Appropriation and distribution of retained earnings:													
Appropriated legal reserve	-	-	15,385	-	(15,385)	-	-	-	-	-	-	-	-
Reversed special reserve	-	-	-	(1,571)	1,571	-	-	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(121,205)	(121,205)	-	-	-	-	(121,205)	-	(121,205)
Capital increase by cash	140,000	717,850	-	-	-	-	-	-	-	-	857,850	-	857,850
Issuance of convertible bonds	-	136,719	-	-	-	-	-	-	-	-	136,719	-	136,719
Transfer treasury shares to employees (including subsidiaries)	-	19,542	-	-	-	-	-	-	-	34,295	53,837	-	53,837
Disposal of company's share by subsidiaries recognized as treasury share transactions	-	70,101	-	-	(2,662)	(2,662)	-	-	-	2,662	70,101	21,681	91,782
Adjustment to capital surplus due to cash dividends distributed to subsidiary	-	3,316	-	-	-	-	-	-	-	-	3,316	-	3,316
Differences between consideration and carrying amounts of subsidiaries shareholding acquired or disposed of	-	(53)	-	-	-	-	-	-	-	-	(53)	(4,968)	(5,021)
Amounts affected by cash capital increase of subsidiaries not recognized in proportion to shareholding	-	(1,246)	-	-	-	-	-	-	-	-	(1,246)	1,246	-
Share-based payments transactions	-	36,185	-	-	-	-	-	-	-	-	36,185	430	36,615
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(21,856)	(21,856)
Subsidiaries' capital increase by cash	-	-	-	-	-	-	-	-	-	-	-	44,464	44,464
Balance at December 31, 2021	1,070,293	2,585,667	237,640	18,559	948,212	1,204,411	(31,182)	(15,354)	(46,536)	(92,839)	4,720,996	745,595	5,466,591
Net income for the period	-	-	-	-	493,160	493,160	-	-	-	-	493,160	36,940	530,100
Other comprehensive income (loss) for the period	-	-	-	-	2,073	2,073	17,526	(6,393)	11,133	-	13,206	(4,683)	8,523
Total comprehensive income (loss) for the period	-	-	-	-	495,233	495,233	17,526	(6,393)	11,133	-	506,366	32,257	538,623
Appropriation and distribution of retained earnings:													
Appropriated legal reserve	-	-	45,761	-	(45,761)	-	-	-	-	-	-	-	-
Appropriated special reserve	-	-	-	27,977	(27,977)	-	-	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(316,813)	(316,813)	-	-	-	-	(316,813)	-	(316,813)
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(24,740)	(24,740)
Subsidiaries' capital increase by cash	-	-	-	-	-	-	-	-	-	-	-	86,458	86,458
Share-based payments transactions	-	911	-	-	-	-	-	-	-	-	911	515	1,426
Disposal of company's share by subsidiaries recognized as treasury share transactions	-	78,367	-	-	(5,609)	(5,609)	-	-	-	5,609	78,367	74,400	152,767
Adjustment to capital surplus due to cash dividends distributed to subsidiary	-	5,740	-	-	-	-	-	-	-	-	5,740	-	5,740
Amounts affected by cash capital increase of subsidiaries not recognized in proportion to shareholding	-	2,730	-	-	-	-	-	-	-	-	2,730	-	2,730
Differences between consideration and carrying amounts of subsidiaries shareholding acquired or disposed of	-	-	-	-	-	-	-	-	-	-	-	(435)	(435)
Balance at December 31, 2022	**$ 1,070,293**	**2,673,415**	**283,401**	**46,536**	**1,047,285**	**1,377,222**	**(13,656)**	**(21,747)**	**(35,403)**	**(87,230)**	**4,998,297**	**914,050**	**5,912,347**

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

Coremax Corporation and subsidiaries
Consolidated Statements of Cash Flows
For the years ended December 31, 2022 and 2021
(Expressed in Thousands of New Taiwan Dollars)

	2022	2021
Cash flows from operating activities:		
Income before income tax	$ 733,696	605,596
Adjustments:		
Adjustments to reconcile profit:		
Depreciation	288,872	289,543
Share-base payments	1,426	36,615
Expected credit loss	-	21,029
Net loss (profit) on financial assets and liabilities at fair value through profit or loss	(53,787)	5,052
Interest expense	50,323	24,370
Interest income	(10,976)	(1,237)
Dividend income	(8,675)	(8,622)
Impairment loss on property, plant and equipment	-	46,985
Gain on disposal of investments	-	(73,675)
Adjustment for other non-cash-related losses, net	530	19
Subtotal of gains or losses on non-cash activities	267,713	340,079
Changes in operating assets and liabilities:		
Notes receivable	(8,943)	36,458
Accounts receivable	209,316	(248,642)
Inventories	(344,582)	(851,942)
Prepayments to suppliers	661,321	(401,547)
Other current assets	(78,468)	(42,942)
Other financial assets	10,431	(17,180)
Notes payable	(26,376)	(18,895)
Accounts payable	(31,595)	(19,796)
Other payable	152,184	8,109
Other current liabilities	197,123	68,453
Net defined benefit liability and asset	(797)	(962)
Total adjustments	1,007,327	(1,148,807)
Cash inflow (outflow) generated from operations	1,741,023	(543,211)
Interest received	10,976	1,237
Interest paid	(40,731)	(24,376)
Income taxes paid	(145,298)	(66,570)
Net cash from operating activities	1,565,970	(632,920)
Cash flows from investing activities:		
Proceeds from capital liquidation of financial assets at fair value through other comprehensive income	25,875	-
Proceeds from disposal of subsidiaries	-	83,420
Acquisition of property, plant and equipment	(540,990)	(432,208)
Proceeds from disposal of property, plant and equipment	624	43,380
Increase in refundable deposits	(19,013)	(7,383)
Increased in restricted deposit	-	(100,000)
Increase in other non-current assets	1,185	(136,191)
Acquisition of non-controlling interests	(435)	(5,021)
Dividends received	8,675	8,622
Net cash used in investing activities	(524,079)	(545,381)
Cash flows from financing activities:		
Increase in short-term borrowings	344,481	375,898
Decrease in short-term notes and bills payable	(80,000)	-
Proceeds from long-term borrowings	30,000	342,830
Repayments of long-term borrowings (including current portion)	(62,291)	(50,000)
Decrease in guarantee deposits received	-	(1,200)
Payment of lease liabilities	(4,990)	(6,196)
Cash dividends paid	(311,073)	(117,889)
Subsidiaries' capital increase by cash	86,458	44,894
Capital increase by cash	-	857,850
Cash dividends paid for non-controlling interests	(24,740)	(21,856)
Issuance of convertible bonds	-	808,056
Disposal of company's share by subsidiaries	152,767	91,782
Treasury stocks transfer to employees	-	53,837
Net cash from financing activities	130,612	2,378,006
Effect of exchange rate changes on cash and cash equivalents	17,039	(21,435)
Net increase in cash and cash equivalents	1,189,542	1,178,270
Cash and cash equivalents at beginning of period	1,882,198	703,928
Cash and cash equivalents at end of period	**$ 3,071,740**	**1,882,198**

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

COREMAX CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the years ended December 31, 2022 and 2021

(amounts expressed in Thousands of New Taiwan Dollars, except for per share information and unless otherwise noted)

1. Company history

Coremax Corporation (the "Company") was incorporated in Hsinchu, Republic of China (R.O.C.), on June 16, 1992. The registered address of the Company's office is 11 Wenhua Road, Hsinchu Industrial Park, Hsinchu County 30352, Taiwan R.O.C. The Company's ordinary shares were publicly listed on the Taiwan Stock Exchange on September 8, 2017 and the trading of Taipei Exchange stock was officially terminated on the same date.

The Company and subsidiaries (together referred to as the "Group") are mainly involved in the manufacturing, sales, import and export of oxidation catalyst, battery materials, chemical fertilizers and specialty chemicals.

2. Approval date and procedures of the consolidated financial statements

The consolidated financial statements were authorized for issue by the Board of Directors on March 1, 2023.

3. New standards, amendments and interpretations adopted:

(a) The impact of the International Financial Reporting Standards ("IFRSs") endorsed by the Financial Supervisory Commission, R.O.C. which have already been adopted.

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2022:

- Amendments to IAS 16 "Property, Plant and Equipment－Proceeds before Intended Use"
- Amendments to IAS 37 "Onerous Contracts－Cost of Fulfilling a Contract"
- Annual Improvements to IFRS Standards 2018–2020
- Amendments to IFRS 3 "Reference to the Conceptual Framework"

(b) The impact of IFRS issued by the FSC but not yet effective

The Group assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2023, would not have a significant impact on its consolidated financial statements:

- Amendments to IAS 1 "Disclosure of Accounting Policies"
- Amendments to IAS 8 "Definition of Accounting Estimates"
- Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"

(c) The impact of IFRS issued by IASB but not yet endorsed by the FSC

The following new and amended standards, which may be relevant to the Group, have been issued by the International Accounting Standards Board (IASB), but have yet to be endorsed by the FSC:

Standards or Interpretations	Content of amendment	Effective date per IASB
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement for at least 12 months after the reporting date. The amendments have removed the requirement for a right to be unconditional and instead now requires that a right to defer settlement must exist at the reporting date and have substance. The amendments clarify how a company classifies a liability that can be settled in its own shares – e.g., convertible debt.	January 1, 2024
Amendments to IAS 1 "Non-current Liabilities with Covenants"	After reconsidering certain aspects of the 2020 amendments1, new IAS 1 amendments clarify that only covenants with which a company must comply on or before the reporting date affect the classification of a liability as current or non-current. Covenants with which the company must comply after the reporting date (i.e., future covenants) do not affect a liability' s classification at that date. However, when non-current liabilities are subject to future covenants, companies will now need to disclose information to help users understand the risk that those liabilities could become repayable within 12 months after the reporting date.	January 1, 2024

The Group is evaluating the impact of its initial adoption of the abovementioned standards or interpretations on its consolidated financial position and consolidated financial performance. The results thereof will be disclosed when the Group completes its evaluation.

The Group does not expect the following other new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its consolidated financial statements:

- Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture"
- IFRS 17 " Insurance Contracts" and amendments to IFRS 17 " Insurance Contracts"

- IFRS16 “Requirements for Sale and Leaseback Transactions”

4. Summary of significant accounting policies

The significant accounting policies presented in the consolidated financial statements are summarized as follows. Except for those described individually, the significant accounting policies have been applied consistently to all the periods presented in the consolidated financial statements.

(1) Statement of compliance

The consolidated financial statements have been prepared in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” (hereinafter referred to as the Regulations) and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations endorsed by the FSC (hereinafter referred to as the IFRSs endorsed by the FSC).

(2) Basis of preparation

(i) Basis of measurement

The consolidated financial statements have been prepared on a historical cost basis except for the following material items in the consolidated balance sheets:

1) Financial assets at fair value through profit or loss are measured at fair value (include derivative instruments);

2) Financial assets at fair value through other comprehensive income are measured at fair value;

3) The defined benefit liabilities (assets) are measured fair value of the plan assets less the present value of the defined benefit obligation, limited as explained in note 4(14).

(ii) Functional and presentation currency

The functional currency of each Group entity is determined based on the primary economic environment in which the entity operates. The consolidated financial statements are presented in New Taiwan Dollars (TWD), which is the Company’s functional currency. Unless otherwise noted, all financial information presented in TWD has been rounded to the nearest thousand.

(3) Basis of consolidation

(i) Principle of preparation of the consolidated financial statements

The consolidated financial statements comprise the Company and subsidiaries. Subsidiaries are entities controlled by the Company. The Company ‘controls’ an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The financial statements of the subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases. Losses attributable to the noncontrolling interests in a subsidiary are attributed to the noncontrolling interests even if doing so results in a deficit noncontrolling interests’ balance.

The accounting policies in the subsidiary's financial statements has been adjusted properly to be consistent with the accounting policies used by the Group.

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received will be recognized directly in equity, and the Group will attributable it to the owners of the Company.

Intra group balances and transactions, and any unrealized income and expenses arising from intra group transactions are eliminated in preparing the consolidated financial statements.

(ii) List of subsidiaries in the consolidated financial statements

The consolidated entities were as follows:

Name of Investor	Name of Subsidiary	Business Nature	Percentage of Ownership (%) December 31, 2022	Percentage of Ownership (%) December 31, 2021	Note
The Company	Coremax (BVI) Corporation	Investment company	100 %	100 %	
The Company	Uranus Chemicals Co., Ltd. (Uranus Chemicals)	Manufacturing and sales of oxalic acid、organic and inorganic acid、rare earth compounds and related products	63.94 %	64.71 %	Note 1
The Company	Hengi Chemical Co., Ltd. (Hengi)	Manufacturing and sales of chemical fertilizers, chemical raw materials, organic fertilizer and fertilizers with organic matter. Import and export of related business. Recycling and reproduce of solvent and pollutants.	82.44 %	82.44 %	
Coremax (BVI) Corporation	Coremax Ningbo Chemical Co., Ltd.	Manufacturing and processing of pure terephthalic acid oxidation catalyst, sodium carbonate solutions, wastewater treatment solutions, exhaust gas absorbent and cobalt compound series products.	100 %	100 %	
Coremax (BVI) Corporation	Coremax (Thailand) Co., Ltd.	Manufacturing and processing of pure terephthalic acid oxidation catalyst, sodium carbonate solutions, wastewater treatment solutions, exhaust gas absorbent and cobalt compound series products.	100 %	100 %	

Name of Investor	Name of Subsidiary	Business Nature	Percentage of Ownership (%) December 31, 2022	Percentage of Ownership (%) December 31, 2021	Note
Coremax (BVI) Corporation	Coremax (Zhangzhou) Chemical Co., Ltd.	Manufacturing, processing and wholesale of pure terephthalic acid oxidation catalyst, sodium carbonate solutions, wastewater treatment solutions, waste gas absorbent and cobalt compound series products, and regeneration treatment of abort oxidation catalyst.	100 %	100 %	
Uranus Chemicals Co., Ltd. (Uranus Chemicals)	Jiangxi Tianjiang Materials Co., Ltd.	Manufacturing and sales of oxalic acid、organic and inorganic acid、rare earth compounds and related products	100 %	100 %	

Note1：The changing in the percentage of its ownership for subsidiaries, please refer to Note 6(6).

(iii) List of subsidiaries which are not included in the consolidated financial statements: None.

(4) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of Group entities at the exchange rates at the dates of the transactions. At the end of each subsequent reporting period, monetary items denominated in foreign currencies are translated into the functional currencies using the exchange rate at that date.

Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currencies using the exchange rate at the date that the fair value was determined. Non-monetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

Exchange differences are generally recognized in profit or loss, except for those differences relating to the following, which are recognized in other comprehensive income:

1) an investment in equity securities designated as at fair value through other comprehensive income;

2) a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; or

3) qualifying cash flow hedges to the extent that the hedges are effective.

(ii) Foreign operations

The assets and liabilities of foreign operations are translated into the presentation currency at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into the presentation currency at the average exchange rate. Exchange differences are recognized in other comprehensive income.

(5) Classification of current and non-current assets and liabilities

The Group classifies an asset as current when any one of the following requirements is met. Assets that are not classified as current are non-current assets.

(i) It expects to realize the asset, or intends to sell or consume it, in its normal operating cycle;

(ii) It holds the asset primarily for the purpose of trading;

(iii) It expects to realize the asset within twelve months after the reporting date; or

(iv) The asset is cash or cash equivalent except for the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

The Group classifies a liability as current when any one of the following requirements is met. Liabilities that are not classified as current are non-current liabilities.

(i) It expects to settle the liability in its normal operating cycle;

(ii) It holds the liability primarily for the purpose of trading;

(iii) The liability is due to be settled within twelve months after the reporting date; or

(iv) The Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by issuing equity instruments do not affect its classification.

(6) Cash and cash equivalents

Cash comprises cash on hand, demand deposits and checking deposits. Cash equivalents are short-term and highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits which meet the above definition and held for the purpose of meeting short-term cash commitments rather than for investment or other purposes are classified as cash equivalents.

(7) Financial instruments

Trade receivables and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instrument. A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(i) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

On initial recognition, a financial asset is classified as measured at: amortized cost; Fair value through other comprehensive income (FVOCI) – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

1) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at amortized cost, which is the amount at which the financial asset is measured at initial recognition, plus/minus, the cumulative amortization using the effective interest method, adjusted for any loss allowance. Interest income, foreign exchange gains and losses, as well as impairment, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

2) Fair value through other comprehensive income (FVOCI)

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment’s fair value in other comprehensive income. This election is made on an instrument-by-instrument basis.

Equity investments at FVOCI are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to profit or loss.

Dividend income is recognized in profit or loss on the date on which the Group’s right to receive payment is established.

3) Fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost or FVOCI described as above are measured at FVTPL, including derivative financial asset. On initial recognition, the Group may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

4) Impairment of financial assets

The Group recognizes loss allowances for expected credit losses (ECL) on financial assets measured at amortized cost (including cash and cash equivalents, notes and accounts receivable, other receivable and other financial assets).

The Group measures loss allowances at an amount equal to lifetime ECL, except for the following which are measured as 12-month ECL:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for trade receivables is always measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Group's historical experience and informed credit assessment as well as forward-looking information.

The Group considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of ' investment grade' " which is considered to be BBB- or higher per Standard & Poor's, Baa3 or higher per Moody's or twA or higher per Taiwan Ratings".

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 90 days past due.

The Group considers a financial asset to be in default when the financial asset is more than 180 days past due or the debtor is unlikely to pay its credit obligations to the Group in full.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e., the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

At each reporting date, the Group assesses whether financial assets carried at amortized cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For corporate customers, the Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

5) Derecognition of financial assets

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognized in its statement of balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

Debt and equity instruments issued by the Company are classified as financial liabilities or equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

2) Equity instrument

An equity instrument is any contract that evidences residual interests in the assets of an entity after deducting all of its liabilities. Equity instruments issued are recognized as the amount of consideration received less the direct cost of issuing.

3) Treasury shares

When shares recognized as equity are repurchased, the amount of the consideration paid, which includes directly attributable costs, is recognized as a deduction from equity. Repurchased shares are classified as treasury shares. When treasury shares are sold or reissued subsequently, the amount received is recognized as an increase in equity, and the resulting surplus or deficit on the transaction is recognized in capital surplus or retained earnings (if the capital surplus is not sufficient to be written down).

The liability component of a compound financial instrument is recognized initially at the fair value of a similar liability that does not have an equity conversion option. The equity component is recognized initially at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortized cost using the effective interest method. The equity component of a compound financial instrument is not remeasured.

Interest related to the financial liability is recognized in gain or loss. On conversion, the financial liability is reclassified to equity, and no gain or loss is recognized.

4) Compound financial instruments

Compound financial instruments issued by the Group comprise convertible bonds that can be converted to ordinary shares at the option of the holder, when the number of shares to be issued is fixed and does not vary with changes in fair value.

The liability component of a compound financial instrument is recognized initially at the fair value of a similar liability that does not have an equity conversion option. The equity component is recognized initially at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortized cost using the effective interest method. The equity component of a compound financial instrument is not remeasured.

Interest related to the financial liability is recognized in gain or loss. On conversion, the financial liability is reclassified to equity, and no gain or loss is recognized.

5) Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

6) Derecognition of financial liabilities

The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount of a financial liability extinguished and the consideration paid is recognized in profit or loss.

7) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount presented in the statement of balance sheet when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

(iii) Derivative financial instruments

Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognized in profit or loss.

(8) Inventories

Inventories are measured at the lower of cost or net realizable value. The cost of inventories is based on the weighted-average method and includes expenditure and other costs incurred in bringing them to their existing location and condition. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(9) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as major components of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

(iii) Depreciation

Depreciation is calculated on the cost of an asset less its residual value and is recognized in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment.

Land is not depreciated.

The estimated useful lives, for the current and comparative years, of significant items of property, plant and equipment are as follows:

1) Buildings: 4 to 60 years.

2) Machinery and equipment: 2 to 19 years.

3) Transportation Equipment: 4 to 7 years.

4) Other equipment: 3 to 11 years.

5) Buildings constitute mainly plant, buildings, mechanical and electrical power equipment, and related engineering, etc. Each constituent is depreciated based on its useful life, respectively.

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(10) Leases

(i) Identifying a lease

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(ii) As a leasee

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Group’s incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

– fixed payments, including in-substance fixed payments;

– variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

– amounts expected to be payable under a residual value guarantee; and

– payments for purchase or termination options that are reasonably certain to be exercised.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when:

– there is a change in future lease payments arising from the change in an index or rate; or

– there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee; or

– there is a change in the lease term resulting from a change of its assessment on whether it will exercise an option to purchase the underlying asset, or

– there is a change of its assessment on whether it will exercise an extension or termination option; or

– there are any lease modifications

When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Group accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize in profit or loss any gain or loss relating to the partial or full termination of the lease.

The Group presents right-of-use assets that do not meet the definition of investment and lease liabilities as a separate line item respectively in the statement of financial position.

The Group has elected not to recognize right-of-use assets and lease liabilities for short-term leases and leases of low-value assets, including printer and staff dormitory. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

As a practical expedient, the Group elects not to assess whether all the rent concessions for all leased land occurring as a direct consequence of the COVID-19 pandemic are lease modifications or not.

In accordance with the practical expedient, the effect of the change in the lease liability is reflected in profit or loss in the period in which the event or condition that triggers the rent concession occurs.

(iii) As a lessor

When the Group acts as a lessor, it determines at lease commencement whether each lease is a finance lease or an operating lease. To classify each lease, the Group makes an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards of ownership incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then the lease is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

(11) Intangible assets

(i) Recognition and measurement

Expenditure on research activities is recognized in profit or loss as incurred.

Development expenditure is capitalized only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to, and has sufficient resources to, complete development and to use or sell the asset. Otherwise, it is recognized in profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost, less accumulated amortization and any accumulated impairment losses.

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

(12) Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset’s recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or Cash Generating Units (CGUs).

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

For other non-financial assets (excluding goodwill), an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(13) Revenue from contracts with customers

(i) Sale of goods

The Group researches, develops, produces, manufactures and sells various chemical catalyst products, cobalt compound products, oxalic acid products and electronic components, as well as batteries. The Group recognizes revenue when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

A receivable is recognized when the goods are delivered as this is the point in time that the Group has a right to an amount of consideration that is unconditional.

(ii) Financing components

The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

(14) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payments is available.

(ii) Defined benefit plans

The Group's net obligation in respect of defined benefit plans is calculated separately for each the plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income, and accumulated in retained earnings. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset). Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Group recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(iii) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

(15) Share based payment

The grant-date fair value of equity-settled share-based payment arrangements granted to employees is generally recognized as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognized is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

(16) Income tax

Income taxes comprise current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes shall be recognized in profit or loss.

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payables or receivables are the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reserve, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if the following criteria are met:

(i) the Group has a legally enforceable right to set off current tax assets against current tax liabilities; and

(ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:

1) the same taxable entity; or

2) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Deferred tax assets are recognized for the deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realized; such reductions are reversed when the probability of future taxable profits improves.

(17) Earnings per share

The Group discloses the Company's basic and diluted earnings per share attributable to ordinary shareholders of the Company. The calculation of basic earnings per share is based on the profit attributable to the ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding. The calculation of diluted earnings per share is based on the profit attributable to ordinary shareholders of the Company, divided by the weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares, such as convertible bonds payable and employee remuneration that could be distributed in share.

(18) Operating segment information

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group). Operating results of the operating segment are regularly reviewed by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and to assess its performance. Each operating segment consists of standalone financial information.

5. Significant accounting assumptions and judgments, and major sources of estimation uncertainty

The preparation of the consolidated financial statements in conformity with the Regulations and the IFRSs endorsed by the FSC requires management to make judgments, estimations and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimations.

Management continues to monitor the accounting estimations and assumptions. Management recognizes any changes in the accounting estimations during the period in which the estimates are revised and in any future periods affected.

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements is included in the following:

(1) The loss allowance of notes and accounts receivables

The Group has estimated the loss allowance of notes and accounts receivable that is based on the risk of a default occurring and the rate of expected credit loss. The Group has considered historical experience, current economic conditions and forward-looking information at the reporting date to determine the assumptions to be used in calculating the impairments and the selected inputs. Please refer to note 6(4) for the impairment evaluation of receivables.

(2) Valuation of Inventories

Inventories are stated at the lower of cost or net realizable value, and the Group uses judgments and estimates to determine the net realizable value of inventory for obsolescence and unmarketable items at the reporting date. It also writes down the cost of inventories to net realizable value. The net realizable value of the inventory is mainly determined based on the assumptions of the estimated demands of the products within a specific time horizon in the future, therefore, the above estimation may have a significant change. Please refer to note 6(5) for further description of the valuation of inventories.

Accounting policies and disclosures of the Group include the fair value measurement for financial or non-financial assets and liabilities. The Group determines the fair value using the independent data sources which reflect the current market condition and confirming the data available are independent, reliable, in consistent with other sources and represent the exercisable price. The Group also periodically assesses the evaluation model, performs retrospective tests, and updates inputs with any other necessary fair value adjustment for the evaluation model in order to ensure the reasonableness of the valuation.

The Group evaluates its assets and liabilities using the observable market inputs. The hierarchy of the fair value depends on the valuation techniques used, and the different levels have been defined as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs (other than quoted prices included within Level 1) that are observable for the assets or liabilities, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

Level 3: inputs for assets or liabilities that are not based on observable market data (unobservable inputs).

When there is a transfer between levels of the fair value hierarchy, the Group recognizes the transfer at the reporting date. For the assumptions used in fair value measurement, please refer to note 6(24) of the financial instruments.

6. Explanation of significant accounts

(1) Cash and cash equivalents

	December 31, 2022	December 31, 2021
Cash on hand	$ 2,038	475
Demand deposits and checking accounts	2,586,694	1,879,030
Time deposits	483,008	2,693
	$ 3,071,740	**1,882,198**

Please refer to note 6(24) for the disclosure of currency risk of the financial assets and liabilities.

(2) Financial assets and liabilities measured at fair value through profit or loss

	December 31, 2022	December 31, 2021
Financial assets－non-current:		
Call and put option－convertible bonds payable	**$ -**	**6,408**

Financial assets measured at fair value through profit or loss－current：

	December 31, 2022	December 31, 2021
Futures	**$ 51,655**	**-**

	December 31, 2022	December 31, 2021
Financial liabilities－non current：		
Call and put option－convertible bonds payable	**$ 2,482**	**-**

(i) The Group uses derivative financial instruments to hedge the price fluctations risk of raw materials due to fluctuations in international metal market. As of December 31, 2021, the futures trading of the Company has been settled. As of December 31, 2022, the following derivative instruments, without the application of hedge accounting, were classified as mandatorily measured at fair value through profit or loss:

	Open Position			
	Buyer/Seller	**Amount (ton)**	**Transaction Price**	**Fair Value**
December 31, 2022	Seller	163	USD 40,345/ton ~USD $57,761/ton	$ 53,117
December 31, 2022	Seller	12	USD $26,000/ton	$ (1,462)

The above-mentioned futures were traded at the period of September to December in 2022, and the settlement dates would be at the period from January to June in 2023, with net cash settlement.

Please refer to note 6(9) for details of the outstanding futures contract margin on December 31, 2022 and 2021.

(ii) Please refer to note 6(23) for The Group's net profit and loss (including realized and unrealized) generated from trading in derivative financial instruments in 2022 and 2021.

(3) Financial assets at fair value through other comprehensive income－non-current

	December 31, 2022	**September 30, 2022**
Non-current:		
Domestic unlisted stocks	$ 3,369	37,000

The purpose of these equity instruments is for long-term strategic investments and is not held for trading. As such, these instruments have been designated to be measured at fair value through other comprehensive income.

During the years of 2022 and 2021, the Group did not dispose any of its investment, thus, there were no transfer of accumulated profit and loss within the equity.

ORGCHEM TECHNOLOGIES, INC., which is held by the Group, has started liquidation from January, 2022. The Group has received $25,875 thousands of capital liquidation payments until December 31, 2022, and for the amounts below original value, the Group recognized loss amounted to $7,756 thousands. The liquidation process was in progress at the balance sheet date, and the accumulated evaluation gain or loss would be transferred from other equities to retained earnings one the process is completed.

(4) Notes and accounts receivable, net

(i) Notes receivable, net:

	December 31, 2022	December 31, 2021
Notes receivable from operating activities	$ **23,817**	**14,874**

(ii) Accounts receivable, net:

	December 31, 2022	December 31, 2021
Accounts receivable	$ 615,444	824,760
Less: loss allowance	(29,112)	(26,754)
	$ **586,332**	**798,006**

The Group applies the simplified approach to provide for its loss allowance used for ECL, which permit the use of lifetime expected loss provision for all receivables. To measure the ECL, trade receivables have been grouped based on shared credit risk characteristics and the days past due, as well as incorporated forward looking information, including macroeconomic and relevant industry information. The loss allowance provision was determined as follows:

	December 31, 2022		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Current	$ 510,208	0%	-
1 to 90 days past due	97,490	0%	-
91 to 180 days past due	2,451	0%	-
More than 181 days past due	-	100%	-
	$ **610,149**		**-**

	December 31, 2021		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Current	$ 801,808	0%	-
1 to 90 days past due	11,072	5%	-
91 to 180 days past due	-	20%	-
More than 181 days past due	-	100%	-
	$ **812,880**		**-**

Note 1: As of December 31, 2022 and 2021, The accounts receivable amounting to $29,112 and $26,754 respectively from specific companies have been fully provided with impairment losses.

The movement in the loss allowance for notes and accounts receivable was as follows:

	2022	2021
Balance at beginning of period	$ 26,754	5,981
Impairment losses recognized	-	21,796
Impairment losses reversal	-	(767)
Effect of exchange rate changes	2,358	(256)
Balance at end of period	**$ 29,112**	**26,754**

(5) Inventories

	December 31, 2022	December 31, 2021
Raw materials	$ 1,267,642	1,254,304
Work in process	504,261	516,537
Finished goods	480,306	136,786
	$ 2,252,209	**1,907,627**

The components of operating costs were as follows:

	2022	2021
Cost of goods sold	$ 7,862,324	6,434,593
Inventory devaluation loss (reversal gain)	199,338	(35,462)
Gain from sale of scrap	(4,567)	(3,713)
	$ 8,057,095	**6,395,418**

As of December 31, 2022 and 2021, the Group's inventories were not pledged as collaterals.

(6) Changes in the Company's ownership interest in a subsidiary

(i) Acquisitions of Non-controlling interests (NCI)

In 2022 and 2021, the Company acquired additional shares from those employees that resigned from Uranus Chemicals for $435 and $5,021 in cash, respectively.

The effects of the changes in shareholdings were as follows:

	2022	2021
Carrying amount of NCI on acquisition	$ 435	4,968
Consideration paid to NCI	(435)	(5,021)
Capital surplus differences between consideration and carrying amounts of subsidiaries shareholding acquired	**$ -**	**(53)**

(ii) Issuance of new shares for cash by subsidiaries, not subscribed to proportionately, did not lose control.

The Uranus Chemicals Co., Ltd. issued 6,250 thousand new shares in September, 2022, at a premium of $32 per share, amounting to $200,000, among which $86,458 were invested by non-controlling interests. The Company did not subscribe according to the shareholding ratio, resulting in an increase in capital surplus of $2,730. In addition, Uranus Chemicals Co., Ltd. recognized that the compensation cost of the above-mentioned cash capital increase reserved for employees' subscription for shares, was $1,426.

The Uranus Chemicals Co., Ltd. issued 4,000 thousand new shares in May, 2021, at a premium of $27 per share, amounting to $108,000, among which $14,968 were invested by non-controlling interests. The Company did not subscribe according to the shareholding ratio, resulting in a decrease in capital surplus of $4,287.

The Hengi Chemical Co., Ltd. issued 10,000 thousand new shares in February, 2021, at a premium of $35 per share, amounting to $350,000, among which $29,926 were invested by non-controlling interests. The Company did not subscribe according to the shareholding ratio, resulting in an increase in capital surplus of $3,041. In addition, Hengi Chemical Co., Ltd. recognized that the compensation cost of the above-mentioned cash capital increase reserved for employees' subscription for shares, was $430.

(iii) Changes of shareholding ratio

Due to the above-mentioned transactions, the Company's ownership of Uranus Chemicals and Hengi Chemical have been changed. As of December 31, 2022 and 2021, the Company's shareholding ratio of Uranus Chemicals were 63.94% and 64.71%, respectively; and Company's shareholding ratio of Hengi were both 82.44%.

(iv) Disposal of subsidiaries

Coremax (BVI) Corporation disposed Coremax Zhuhai Chemical Co., Ltd. in July 2021, and gain on disposal amounting to $73,675. The net cash inflow from the disposal of the subsidiary is as follows:

	2022
Consideration transferred from the non-controlling interest	$ 138,570
Less: cash and cash equivalents by subsidiaries	(55,150)
Net cash inflow	**$ 83,420**

(7) Material NCI of subsidiaries

The material NCI of subsidiaries were as follows:

Subsidiaries	Main operation place	Percentage of non-controlling interests December 31, 2022	December 31, 2021
Uranus Chemicals	Taiwan	36.06 %	35.29 %

The following information of the aforementioned subsidiaries have been prepared in accordance with the IFRSs endorsed by the FSC. Included in this information is the fair value adjustment made during the acquisition and relevant difference in accounting principles between the Group as at the acquisition date. Intragroup transactions were not eliminated in this information.

Uranus Chemicals' summarized financial information:

	December 31, 2022	December 31, 2021
Current assets	$ 513,681	328,170
Non-current assets	1,686,478	1,740,581
Current liabilities	(319,146)	(339,176)
Non-current liabilities	(356,262)	(331,986)
Net assets	**$ 1,524,751**	**1,397,589**
NCI	**$ 634,173**	**460,609**

	2022	2022
Sales revenue	**$ 451,145**	**526,594**
Net income	$ (46,964)	159,795
Other comprehensive income	701	531
Comprehensive income	**$ (46,263)**	**160,326**
Profit (loss), attributable to NCI	**$ 13,848**	**(25,787)**
Comprehensive income, attributable to NCI	**$ 14,014**	**(24,812)**
Net cash flows from (used in) investing activities	$ 114,648	(26,307)
Net cash flows from (used in) financing activities	(71,328)	3,946
Net cash flows from financing activities	126,344	155,596
Net increase in cash and cash equivalents	**$ 169,664**	**133,235**
Pay to Uranus Chemicals' dividend	**$ 5,740**	**3,316**

(8) Other current assets and other non-current assets

Other current assets：

	December 31, 2022	December 31, 2021
Offset against business tax payable and business tax receivables	$ 147,327	100,751
Other	52,899	21,007
	$ 200,226	**121,758**

Other non-current assets：

	December 31, 2022	December 31, 2021
Other intangible assets	$ 12,846	12,846
Prepaid equipment	28,726	180,119
Other	8,539	4,402
	$ 50,111	**197,367**

(9) Other financial assets

Current:

	December 31, 2022	December 31, 2021
Margin on futures contracts	$ 61,735	30,864
Other	8,663	19,094
	$ 70,398	**49,958**

Non-current:

	December 31, 2022	December 31, 2021
Refundable deposits	$ 8,286	9,122
Restricted deposits	103,340	103,340
	$ 111,626	**112,462**

(10) Property, plant and equipment

	Land	Building	Machinery and equipment	Other equipment	Prepaid Equipment and Construction in process	Total
Cost:						
Balance at January 1, 2022	$ 1,673,735	1,444,407	2,100,653	387,425	430,349	6,036,569
Additions	15,422	237,640	95,629	51,272	159,861	559,824
Disposals and scrap	-	(319)	(21,931)	(4,256)	-	(26,506)
Reclassification	26,623	329,835	203,486	45,612	(460,187)	145,369
Effect of exchange rate changes	393	3,391	9,586	582	240	14,192
Balance at December 31, 2022	**$ 1,716,173**	**2,014,954**	**2,387,423**	**480,635**	**130,263**	**6,729,448**
Balance at January 1, 2021	$ 1,663,215	1,384,542	2,138,177	366,987	254,740	5,807,661
Additions	11,319	80,354	106,240	32,815	225,796	456,524
Disposals and scrap	-	(23,796)	(93,084)	(16,927)	-	(133,807)
Reclassification	-	6,050	(42,199)	5,165	(50,057)	(81,041)
Effect of exchange rate changes	(799)	(2,743)	(8,481)	(615)	(130)	(12,768)
Balance at December 31, 2021	**$ 1,673,735**	**1,444,407**	**2,100,653**	**387,425**	**430,349**	**6,036,569**
Accumulated depreciation and impairment losses:						
Balance at January 1, 2022	$ -	641,549	1,142,795	200,729	-	1,985,073
Depreciation for the period	-	100,247	145,663	37,135	-	283,045
Disposals and scrap	-	(241)	(21,130)	(3,981)	-	(25,352)
Reclassification	-	(717)	15	-	-	(702)
Effect of exchange rate changes	-	1,622	5,893	2,492	-	10,007
Balance at December 31, 2022	**$ -**	**742,460**	**1,273,236**	**236,375**	**-**	**2,252,071**
Balance at January 1, 2021	$ -	543,629	1,093,140	193,757	-	1,830,526
Depreciation for the period	-	109,373	143,199	29,864	-	282,436
Impairment loss	-	6,974	40,011	-	-	46,985
Disposals and scrap	-	(16,506)	(61,412)	(12,437)	-	(90,355)
Reclassification	-	-	(67,105)	(9,917)	-	(77,022)
Effect of exchange rate changes	-	(1,921)	(5,038)	(538)	-	(7,497)
Balance at December 31, 2021	**$ -**	**641,549**	**1,142,795**	**200,729**	**-**	**1,985,073**
Carrying amounts:						
Balance at December 31, 2022	**$ 1,716,173**	**1,272,494**	**1,114,187**	**244,260**	**130,263**	**4,477,377**
Balance at December 31, 2021	**$ 1,673,735**	**802,858**	**957,858**	**186,696**	**430,349**	**4,051,496**
Balance at January 1, 2021	**$ 1,663,215**	**840,913**	**1,045,037**	**173,230**	**254,740**	**3,977,135**

In July, 2021, Uranus Chemicals Co., Ltd assessed that the capacity utilization rates of certain production lines and ancillary equipment thereof declined because of changes in the supply of and demand for materials, thereby recognizing a loss of $46,985.

Hengi Chemical conducted asset revaluation in years 1975, 1981 and 2001, and provided a land value appreciation reserve of $207,483 (accounted for deferred income tax liabilities). Uranus Chemicals conducted an asset revaluation in 2007 and the Company conducted land revaluation when it obtained Uranus Chemicals control in November 2014 and provided a land value appreciation reserve of $70,856 (accounted for deferred income tax liabilities).

The property, plant and equipment of the Group pledged as collateral, please refer to note 8.

(11) Right-of-use assets

The Group leases many assets including land, buildings and transportation equipment. Information about leases for which the Group as a lessee was presented below:

		Land use right	Buildings	Transportation equipment and others	Total
Cost:					
Balance at January 1, 2022	$	34,589	2,175	21,536	58,300
Disposal/Write-off		-	-	(8,359)	(8,359)
Effect of exchange rate changes and others		302	-	-	302
Balance at December 31, 2022	$	**34,891**	**2,175**	**13,177**	**50,243**
Balance at January 1, 2021	$	38,110	1,066	18,533	57,709
Additions		-	1,876	5,995	7,871
Disposal/Write-off		(3,344)	(767)	(2,992)	(7,103)
Effect of exchange rate changes and others		(177)	-	-	(177)
Balance at December 31, 2021	$	**34,589**	**2,175**	**21,536**	**58,300**
Accumulated depreciation and impairment losses:					
Balance at January 1, 2022	$	5,563	271	11,419	17,253
Depreciation for the year		1,270	578	3,979	5,827
Disposal/Write-off		-	-	(8,359)	(8,359)
Effect of exchange rate changes and others		43	-	-	43
Balance at December 31, 2022	$	**6,876**	**849**	**7,039**	**14,764**
Balance at January 1, 2021	$	6,892	650	7,297	14,839
Depreciation for the year		1,278	388	5,441	7,107
Disposal/Write-off		(2,594)	(767)	(1,319)	(4,680)
Effect of exchange rate changes and others		(13)	-	-	(13)
Balance at December 31, 2021	$	**5,563**	**271**	**11,419**	**17,253**
Carrying amount:					
Balance at December 31, 2022	$	**28,015**	**1,326**	**6,138**	**35,479**
Balance at December 31, 2021	$	**29,026**	**1,904**	**10,117**	**41,047**
Balance at January 1, 2021	$	**31,218**	**416**	**11,236**	**42,870**

(12) Short-term notes and bills payable

	December 31, 2022	December 31, 2021
Commercial paper payable	$ -	80,000

As of December 31, 2021, the interest rate is 1.038%, with a maturity date of January 2022.

(13) Long-term/Short-term borrowings

(i) Short-term borrowings:

	December 31, 2022	December 31, 2021
Secured bank loans	$ 1,567,855	1,806,362
Unsecured bank loans	680,000	100,000
	$ 2,247,855	1,906,362
Unused short-term credit lines	$ 6,019,563	3,519,366
Range of interest rates	1.40%~5.50%	0.82%~1.26%

For the collateral for short-term borrowings, please refer to note 8.

Please refer to note 6(24) for the disclosure of interest risk, currency risk and liquidity risk.

(ii) Long-term borrowings:

Lender	Use	Maturity year and Repayment	December 31, 2022	December 31, 2021
Chang Hwa Commercial Bank	Long-term working capital	Effective from May 2024, repayable quarterly in 47 equal instalments.	80,000	80,000
Chang Hwa Commercial Bank	Machinery and equipment	Effective from January 2024, repayable monthly in 84 equal instalments.	41,310	41,310
Chang Hwa Commercial Bank	Building	Effective from February 2024, repayable monthly in 83 equal instalments	18,560	18,560
Chang Hwa Commercial Bank	Building	Effective from February 2024, repayable monthly in 83 equal instalments.	45,090	45,090
Chang Hwa Commercial Bank	Machinery and equipment	Effective from January 2024, repayable monthly in 84 equal instalments.	28,970	28,970
Chang Hwa Commercial Bank	Building	Effective from February 2024, repayable monthly in 83 equal instalments	7,950	7,950

Lender	Use	Maturity year and Repayment	December 31, 2022	December 31, 2021
Chang Hwa Commercial Bank	Machinery and equipment	Effective from January 2024, repayable monthly in 84 equal instalments.	44,520	44,520
Chang Hwa Commercial Bank	Building	Effective from January 2024, repayable monthly in 84 equal instalments.	56,250	56,250
Chang Hwa Commercial Bank	Machinery and equipment	Effective from January 2024, repayable monthly in 84 equal instalments.	84,460	84,460
Chang Hwa Commercial Bank	Machinery and equipment	Effective from January 2024, repayable monthly in 84 equal instalments.	38,980	38,980
Chang Hwa Commercial Bank	Building	Effective from February 2024, repayable monthly in 83 equal instalments.	18,050	18,050
O-Bank	Working capital	From 2018 to 2033, repayable monthly in 101 equal instalments.	257,312	257,312
O-Bank	Working capital	From 2019 to 2026, effective from June 2022, repayable monthly in 49 equal instalments.	128,566	150,000
Mega Bank	Working capital	From 2019 to 2026, effective from June 2022, repayable monthly in 49 equal instalments.	214,286	250,000
Mega Bank	Machinery and equipment	From 2019 to 2026, effective from June 2022, repayable monthly in 49 equal instalments.	30,857	36,000
O-Bank	Machinery extension	From 2018 to 2033, effective from March 2025, repayable monthly in 101 equal instalments.	30,000	-
Less: Current portion of long-term borrowings			(106,785)	(62,291)
			$ 1,018,376	1,095,161
Unused long-term credit lines			$ 31,860	124,860
Range of interest rates at year end			0.05%~ 2.15%	0.00%~ 1.22%

The Company and Uranus Chemicals signed a loan agreement with O-Bank and agreed with the covenants related to maintaining certain financial ratios. As of December 31, 2022 and 2021, both the Company and Uranus Chemicals were in compliance with the loan covenants.

The collateral of long-term borrowings, please refer to note 8.

(14) Other payables and other current liabilities

Other payables and other current liabilities mainly include salary payables, bonus payable, equipment payables, environment examination and rectification fee payables and others.

(15) Convertible bonds

The Company issued the third domestic guaranteed convertible bond on October 28, 2021,by pledging $40,000 thousand ordinary shares of Hengi Chemical, $30,000 thousand ordinary shares of Uranus Chemicals Co., Ltd., and a demand deposit of $100,000 to Chang Hwa Commercial Bank Co., Ltd., and Chang Hwa Commercial Bank Co., Ltd. was the guarantor. The relevant information of the Company's convertible corporate bonds is as follows:

	December 31, 2022	**December 31, 2022**
Total proceeds from convertible corporate bonds issued	$ 700,000	700,000
Less: issued corporate bonds discount	(17,060)	(21,472)
Corporate bonds payable balance at year-end	**$ 682,940**	**678,528**
Embedded derivative – call and put options(recorded in financial assets (liabilities) at FVTPL–non-current)	**$ (2,482)**	**6,408**

	December 31, 2022	**December 31, 2022**
Interest expense	**$ 4,412**	**783**

The Company’ s third domestic guaranteed convertible corporate bonds are five year guaranteed convertible bonds with zero coupon rate, each with value of $100, amounting to $700,000. The conversion price on December 31, 2022 and 2021 were $106.1 and $108.5, respectively.

The date on which the above mentioned convertible corporate bonds are issued for three years (October 28, 2024) shall be the base date for the holders of convertible corporate bonds to sell them back in advance.

The Company has separately recognized its rights and liabilities of the above-mentioned convertible bonds upon issuance. The details are as follows:

Item	**Amount**
Total convertible corporate bonds issued	$ 808,056
Fair value of embedded non-equity derivatives upon issued	6,408
Issuing cost	(677,745)
Equity component-stock options (reported in capital surplus-stock options)	**$ 136,719**

After the separation of the above-mentioned embedded derivatives, the effective interest rate of the third domestic guaranteed convertible bond was 0.65%.

(16) Lease liabilities

The Group's lease liabilities were as follow:

	December 31, 2022	December 31, 2021
Current	$ 3,341	4,988
Non-current	$ 9,464	12,801

For the maturity analysis, please refer to note 6(24).

The amounts recognized in profit or loss were as follows:

	2022	2021
Interest on lease liabilities	$ 177	246
Expenses relating to short-term leases and leases of low-value assets	$ 2,056	1,334
COVID-19-related rent concessions (recognized as other income)	$ 31	31

	2022	2021
Total cash outflow for leases	$ 7,223	7,776

(i) Land and buildings leases

As of December 31, 2022 and 2021, the Group leases land and buildings for a period of 4 to 20 years. Some leases include an option to renew the lease for an additional period of the same duration after the end of the contract term.

(ii) Other leases

The Group leases vehicles and others, with lease terms of 1 to 6 years. In some cases, the Group has options to purchase the assets at the end of the contract term.

The Group also leases printers and staff dormitory with contract terms of 1 to 2 years. These leases are short-term and leases of low-value items. The Group has elected not to recognize right-of-use assets and lease liabilities for these leases.

(17) Employee benefits

(i) Defined benefit plans

The present value of the defined benefit obligation and the fair value adjustments of the plan assets for the Company and domestic subsidiaries were as follow:

	December 31, 2022	December 31, 2021
Present value of the defined benefit obligation	$ 39,885	45,138
Fair value of plan assets	(48,350)	(50,204)
	$ (8,465)	**(5,066)**
Net defined benefit assets	**$ 15,156**	**11,742**
Net defined benefit obligations	**$ 6,691**	**6,676**

The Company and domestic subsidiaries established defined benefit plans by contributed to the pension fund account at Bank of Taiwan that provides pensions for employees upon retirement. The plans (covered by the Labor Standards Law) entitle a retired employee to receive an annual payment based on years of service and average salary for the six months prior to retirement.

1) Composition of plan assets

The Company and domestic subsidiaries allocate pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, and such funds are managed by the Bureau of Labor Fund, Ministry of Labor. Minimum earnings shall be no less than the earnings attainable from two-year time deposits with interest rates offered by local banks.

The Company and domestic subsidiaries' Bank of Taiwan labor pension reserve account balance amounting to $48,350 at December 31, 2022. For information on the utilization of the labor pension fund assets including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Fund.

2) Movements in present value of defined benefit obligation

The movements in present value of the defined benefit obligation of the Company and domestic subsidiaries were as follows:

	2022	2021
Defined benefit obligation at January 1	$ 45,138	56,803
Current service cost and interest	419	724
Benefits paid from plan assets	(7,554)	(15,813)
Remeasurements of the net defined benefit liabilities	1,882	3,424
Defined benefit obligation as of December 31	**$ 39,885**	**45,138**

3) Movements in the fair value of the defined benefit plan assets

The movements in the fair value of the defined benefit plan assets of the Company and domestic subsidiaries were as follows:

		2022	2021
Fair value of plan assets at January 1	$	50,204	63,560
Contributions made		925	1,363
Interest income		293	501
Benefits paid from plan assets		(7,554)	(15,813)
Return on plan assets		4,482	593
Fair value of plan assets at December 31	**$**	**48,350**	**50,204**

4) Expenses recognized in profit or loss

The expenses recognized in profit or losses for the Company and domestic subsidiaries were as follows:

		2022	2021
Current service cost	$	153	284
Net interest on the net defined benefit liabilities		(26)	(61)
	$	**127**	**223**

5) Remeasurements of the net defined benefit liabilities recognized in other comprehensive income

The Company and domestic subsidiaries' remeasurements of the net defined benefit liabilities recognized as accumulated in other comprehensive income were as follows:

		2022	2021
Cumulative amount at January 1	$	(10,565)	(7,735)
Recognized in profit (losses) for the period		2,601	(2,830)
Cumulative amount as of December 31	**$**	**(7,964)**	**(10,565)**

6) Actuarial assumptions

The following are the Company and domestic subsidiaries' significant actuarial assumptions regarding the present value of the defined benefit obligation at the reporting date:

	December 31, 2022	December 31, 2021
Discount rate	1.20%~1.25%	0.55%~0.65%
Future salary increase rate	2.00%~3.50%	1.75%~3.50%

The Company and domestic subsidiaries are expecting a contribution of $0 to its defined benefit plans in the following year, beginning December 31, 2022.

The weighted average duration of the defined benefit plan is 6.2~11.6 years.

7) Sensitivity analysis

The carrying amount of the Company and domestic subsidiaries' net defined benefit assets was $8,465 as of December 31, 2022. When the employee's unpaid salary growth rate is changed by 1%, it is estimated that the accrued pension liabilities recognized by the Company and domestic subsidiaries would increase by $1,830 or decrease by $1,622, respectively.

(ii) Defined contribution plans

In accordance with the provisions of the Labor Pension Act, the Company and domestic subsidiaries should contribute 6% of its employees' monthly wages to their labor pension personal accounts of the Bureau of Labor Insurance, Ministry of Labor (hereinafter referred to as the Bureau of Labor Insurance). Under this defined contribution plan, the Company and domestic subsidiaries contribute a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligations.

The total pension costs of the Group's overseas subsidiaries under their respective defined contribution plan are recognized in accordance with their local regulations.

The Group's pension costs under the defined contribution plan were $14,255 and $11,712 for the years ended December 31, 2022 and 2021, respectively.

(18) Income tax

(i) Income tax expense

	2022	2021
Current tax expense		
Current period	$ 225,413	144,604
Adjustment for prior periods	(1,420)	(9,631)
	223,993	134,973
Deferred tax expense		
Origination and reversal of temporary differences	(20,397)	22,203
Income tax expense	**$ 203,596**	**157,176**

The amount of income tax expense (benefits) recognized in other comprehensive income were as follows:

	2022	2021
Exchange differences on translation of foreign financial statements	**$ 4,381**	**(4,443)**

The reconciliation of income tax expenses and income before income tax were as follows:

	2022	2021
Income before income tax	$ 733,696	605,596
Income tax at the Company’s domestic tax rate	146,739	121,119
Effect of different tax rates in foreign jurisdictions	2,454	4,916
Permanent difference and others	40,467	39,831
Undistributed earnings additional tax	9,415	941
Change in provision in prior periods	(1,420)	(9,631)
Amount of income basic tax more than general tax	5,941	-
Total	**$ 203,596**	**157,176**

B. Recognized deferred tax assets and liabilities

Deferred tax assets	**January 1, 2021**	**Recognized in income statement**	**Recognized in other comprehensive income**	**December 31, 2021**	**Recognized in income statement**	**Recognized in other comprehensive income**	**December 31, 2022**
Exchange differences on translation of foreign financial statements	$ 5,046	-	(4,443)	9,489	-	4,381	5,108
Inventory devaluation loss	20,632	7,092	-	13,540	(39,868)	-	53,408
Pension not actually contributed	1,734	(17)	-	1,751	(202)	-	1,953
Impairment loss	8,416	377	-	8,039	362	-	7,677
Others	11,767	(8,535)	-	20,302	(7,599)	-	27,901
	$ 47,595	**(1,083)**	**(4,443)**	**53,121**	**(47,307)**	**(4,381)**	**96,047**

Deferred tax liabilities	**January 1, 2021**	**Recognized in income statement**	**Recognized in other comprehensive income**	**December 31, 2021**	**Recognized in income statement**	**Recognized in other comprehensive income**	**December 31, 2022**
Land Value Increment Tax	$ 278,339	-	-	278,339	-	-	278,339
Investment income recognized under equity method	27,878	23,161	-	51,039	10,998	-	62,037
Others	1,562	125	-	1,687	15,912	-	17,599
	$ 307,779	**23,286**	**-**	**331,065**	**26,910**	**-**	**357,975**

C. The Company’ s income tax returns for the years through 2020 were assessed by the tax authority.

(19) Capital and other equity

(i) Issuance and cancellation of ordinary shares

In the fourth quarter of 2021, the Company issued 4,000 thousand new shares for cash at a premium price of $90 per share, totaling $360,000. The difference between the denomination and the issuance price after deducting the issuance cost of $1,000, amounted to $319,000, which is listed as Capital surplus—premium, and the relevant statutory registration procedures have been completed.

In the fourth quarter of 2020, the Company' s Board of Directors resolved to issued 10,000 thousand new shares for cash at a premium price of $50 per share, totaling $500,000. The difference between the denomination and the issuance price after deducting the issuance cost of $1,150, amounted to $398,850, which is listed as Capital surplus— premium, and the relevant statutory registration procedures have been completed in 2021.

In 2021, the Company recognized the share-based cost of the above-mentioned cash capital increase reserved for employees to subscribe for shares amounting to $19,085.

As of December 31, 2022 and 2021, the authorized capital of the Company both amounted to $1,200,000; the issued capital both amounted to $1,070,293. With par value at $10 per share.

	Ordinary Shares	
	2022	**2021**
Balance at January 1	105,604	91,004
Issued for cash	-	14,000
Transferred treasury shares	-	600
Balance at December 31	**105,604**	**105,604**

(ii) Capital surplus

	December 31, 2022	**December 31, 2021**
Additional paid-in capital	$ 1,981,318	1,981,318
Difference between consideration and carrying amount arising from acquisition or disposal of subsidiaries shareholdings	320,617	320,617
Treasury share transaction	171,324	89,643
Share options and others	200,156	194,089
	$ 2,673,415	**2,585,667**

According to the R.O.C. Company Act, capital surplus can only be used to offset a deficit, and only the realized capital surplus can be used to increase the ordinary share or be distributed as cash dividends. The aforementioned realized capital surplus includes capital surplus resulting from premium on issuance of capital share and earnings from donated assets received. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, capital increases by transferring capital surplus should not exceed 10% of the total ordinary share outstanding.

(iii) Retained earnings

1) Legal reserve

When a company incurs no loss, it may, pursuant to a resolution by a shareholders' meeting, distribute its legal reserve by issuing new shares or by distributing cash, and only the portion of legal reserve which exceeds 25% of capital may be distributed.

2) Special reserve

By choosing to apply exemptions granted under IFRS 1 during the Company's first-time adoption of the IFRSs endorsed by the FSC, cumulative translation adjustments under shareholders' equity shall be reclassified as retained earnings at the transition date. The increase in retained earnings occurring before the transition date due to the first-time adoption of the IFRSs endorsed by the FSC amounted to $20,277. The net increase in retained earnings resulting from the first application of IFRS1 on the transition date was $16,830. In accordance with rules issued by the FSC, a net increase in retained earnings due to the first-time adoption of the IFRSs endorsed by the FSC shall be reclassified as a special reserve during earnings distribution, and when the relevant asset is used, disposed of, or reclassified, this special reserve shall be reversed as distributable earnings proportionately. There was no carrying and reversing in 2022 and 2021.

In accordance with the guidelines of the above Ruling, a portion of current period earnings and undistributed prior period earnings shall be reclassified as a special reserve during earnings distribution. The amount to be reclassified should be equal to the difference between the total net current period reduction of special reserve resulting from the first-time adoption of the IFRSs endorsed by the FSC and the carrying amount of other shareholders' equity as stated above. Similarly, a portion of undistributed prior period earnings shall be reclassified as a special reserve (which does not qualify for earnings distribution) to account for cumulative changes to other shareholders' equity pertaining to prior periods due to the first-time adoption of the IFRSs endorsed by the FSC. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions.

3) Earnings distribution

According to the Company's articles of incorporation, in years of earnings, pay income tax, offset any accumulated deficit. Thereafter, a 10% appropriation of the remaining amount shall be set aside for legal reserve, unless the amount in the legal reserve is already equal to or greater than the total paid in capital. Thereafter, an amount shall be set aside or reversed as a special reserve in accordance with related laws, regulations, or provisions of the competent authorities. Distribution of the remaining earnings after setting aside the abovementioned amounts, together with the balance of the unappropriated retained earnings of the previous year, shall be proposed by the Board of Directors to be approved at the shareholders' meeting.

As the Company is still in its growth stage, capital is needed to expand its production lines and to increase its investment in the coming years. Recently, the Company has been developing steadily based on its capital expenditure, business expansion, and appropriate financial planning. The Company will allot more than 10% of its distributable earnings above as dividends to its shareholders. However, if the distributable earnings are less than 30% of the paid-in capital, then no dividend shall be distributed. If the Company simultaneously distributes stock dividends and cash dividends, the cash dividends should not be less than 20% of the total dividend payout to its shareholders.

The following are the appropriation of earnings in last two years which were proposed by the Board of Directors on March 1, 2023 and approved during the shareholders' meeting held on May 27, 2022, respectively:

	2022		2021	
	Amount per share (TWD)	**Total amount**	**Amount per share (TWD)**	**Total amount**
Dividends distributed to ordinary shareholders:				
Cash	3.0	$ 316,813	3.0	316,813

The appropriation of retained earnings for 2021 is consistent with the resolutions proposed by the Board of Directors. The appropriation of earnings distribution for 2022 will be presented for resolution in annual shareholders' meeting. The related information will be available on the Market Observation Post System on the website after the meeting.

(iv) Treasury stock

The Company repurchased treasury shares, in accordance with the relevant provisions of the Securities and Exchange Law to transfer the shares to employees.

The relevant information is as follows:

2022				
Reason for holding shares	**Number of shares at the beginning of the period**	**Increased in this period**	**Transferred in this period**	**Number of shares at the end of the period**
Transferred shares to employees	1,425	-	-	1,425

2022				
Reason for holding shares	**Number of shares at the beginning of the period**	**Increased in this period**	**Transferred in this period**	**Number of shares at the end of the period**
Transferred shares to employees	2,025	-	600	1,425

In accordance with the requirements of Securities and Exchange Act, treasury shares held by the Company should not be pledged, and do not hold any shareholder rights before the transfer. Shares of the Company held by its subsidiaries are accounted for as treasury shares, which are not allowed in participating in the Company's capital increase and without voting rights, except that, other right is the same as the general shareholders' rights.

In November 2021, the Company transferred treasury shares to the employees of the Company and the employees of the subsidiary company with 166 thousand shares and 434 thousand shares, respectively. The amount received for the aforesaid transfer was $53,837. Therefore, the recognized share-based compensation cost was $17,100.

Uranus Chemicals holds 1,213 thousand and 2,363 thousand ordinary shares of the Company, with the acquisition price of $9,034 and $17,595, respectively. As of December 31, 2022 and 2021, the amount of deemed treasury shares the Company recognized was $5,776 and $11,386, respectively, which was determined based on the Company' s shareholding ratio in Uranus Chemicals of 63.94% and 64.71%, respectively.

Uranus Chemicals Co., Ltd. sold part of the Company's shares in 2022 and 2021, at a price totaling $152,767 and $91,782, respectively. Because the deal was deemed as the treasury stock transaction, according to the Company's shareholding ratio, the difference between the sale price and the cost of the treasury stock was adjusted to the capital surplus amounting to $78,367 and $70,101, respectively.

(20) Earnings per share

	2022	2021
Basic earnings per share:		
Net income attributable to ordinary shareholders of the company	$ **493,160**	**462,930**
Ordinary shares at January 1	107,029	93,029
Repurchase treasury shares	(1,425)	(1,953)
Shares held by subsidiaries	(1,213)	(1,797)
Issued for cash	-	9,858
Weighted-average number of ordinary shares outstanding during the year (in thousands of shares)	**104,391**	**99,137**
Basic earnings per share (TWD)	$ **4.72**	**4.67**

	2022	2021
Diluted earnings per share:		
Net income attributable to ordinary shareholders of the Company (basic)	$ 493,160	462,930
Interest expense on convertible bonds, net of tax	3,530	626
Net income attributable to ordinary shareholders of the Company (diluted)	**$ 496,690**	**463,556**
Weighted average number of ordinary shares outstanding (in thousands) (basic)	104,391	99,137
Potential ordinary shares with dilutive effect:		
Effect of employee remuneration in share	124	73
Effect of conversion of convertible bonds	6,598	1,149
Weighted average number of ordinary shares outstanding (in thousands) (diluted)	**$ 111,113**	**100,359**
Diluted earnings per share (TWD)	**$ 4.47**	**4.62**

(21) Revenue from contracts with customers

Revenue from major markets region and products:

	2022					
	Oxidation catalyst department	**Battery material department**	**Chemical fertilizer department**	**Specialty chemical department**	**Other**	**Total**
Taiwan	$ 900,636	5,367,867	398,006	1,540,773	230,788	8,438,070
China and other	549,299	-	-	4,887	89,365	643,551
	$ 1,449,935	**5,367,867**	**398,006**	**1,545,660**	**320,153**	**9,081,621**

	2021					
	Oxidation catalyst department	**Battery material department**	**Chemical fertilizer department**	**Specialty chemical department**	**Other**	**Total**
Taiwan	$ 608,814	4,317,623	581,524	1,047,542	170,152	6,725,655
China and other	548,455	3,423	-	1,571	59,679	613,128
	$ 1,157,269	**4,321,046**	**581,524**	**1,049,113**	**229,831**	**7,338,783**

(22) Remuneration to employees, directors and supervisors

The Company’s articles of incorporation require that earnings shall first be offset against any deficit, then, a minimum of 1.5% will be distributed as employee remuneration, and a maximum of 5% will be allocated as remuneration to directors and supervisors. Employees who are entitled to receive the above-mentioned employee remuneration, in share or cash, include the employees of the Company’s subsidiaries who meet certain specific requirements.

For the years ended December 31, 2022 and 2021, the Company accrued and recognized its employee remuneration amounting to $10,500 and $8,800, respectively. These amounts were calculated by using the Company's pre-tax net profit for the period before deducting the amounts of the remuneration to employees, multiplied by the distribution of ratio of the remuneration to employees based on the Company's articles of incorporation, and expensed under operating costs or expenses. If there would be any changes after the reporting date, the changes shall be accounted for as changes in accounting estimates and recognized as profit or lost in the following year. If, however, the shareholders determine that the employee remuneration is to be distributed through share, the number of shares to be distributed shall be calculated using the stock price on the day before the shareholders' meeting.

For the year ended December 31, 2021, the Company estimated its employee remuneration and director's remuneration at $8,800 and $0 , respectively. There were no differences between the estimated and the actual amounts of employee and directors' remuneration. Related information would be available at the Market Observation Post System website.

(23) Non-operating income and expenses

(i) Other gains and losses, net

		2022	2021
Claim income	$	-	503
Rental income		7,563	9,606
Dividend income		8,675	8,622
Other		2,112	4,820
	$	**18,350**	**23,551**

(ii) Other gains and losses, net

		2022	2021
Loss on disposal of property, plant and equipment	$	(530)	(72)
Disposal of investment interests		-	73,675
Loss on valuation of financial assets and liabilities at FVTPL		53,787	(5,052)
Impairment loss on property, plant and equipment (note 6(10))		-	(46,985)
Other		(2,066)	(3,164)
	$	**51,191**	**18,402**

(iii) Finance costs

		2022	2021
Interest expense – borrowings	$	45,734	23,341
Interest expense – lease liabilities		177	246
Interest expense – convertible bonds payable		4,412	783
	$	**50,323**	**24,370**

(iv) Interest income

		2022	2021
Interest income from bank deposits	$	10,959	1,220
Other interest income		17	17
	$	**10,976**	**1,237**

(24) Financial instruments

(i) Credit risk

1) Credit risk exposure

The carrying amount of financial assets and contract assets represent the maximum credit exposure.

2) Concentration of credit risk

The customers of the Group are concentrated on customer base of oxidation catalyst, power battery materials, chemical fertilizers and special chemicals. The Group limits its exposure to credit risk from accounts receivables by continuously evaluates the debt collectability and provides adequate reserves for loss allowance, if necessary. As of December 31, 2022 and 2021, there were 5 and 3 major customers, which represented 51% and 50% of the accounts receivable, respectively. Thus, credit risk is significantly concentrated.

3) Credit risk of receivables and debt securities

For credit risk exposure of note and trade receivables, please refer to note 6(4). Other financial assets at amortized cost include other receivables from related parties and other financial assets. There are no impairment losses recognized for the years ended December 31, 2022 and 2021.

All of these financial assets are considered to have low risk, and thus, the loss allowance recognized during the period was limited to 12 months expected losses. Regarding how the financial instruments are considered to have low credit risk, please refer to note 4(7).

(ii) Liquidity risk

The following are the contractual maturities of financial liabilities, (including interest payments):

	Carrying amount	Contractual cash flow	Within 6 months	6 to 12 months	1 to 2 years	Above 2 years
December 31, 2022						
Non-derivative financial liabilities						
Deposit received	$ 107	107	-	-	-	107
Short-term borrowings	2,247,855	2,261,960	2,261,960	-	-	-
Notes and accounts payable	73,653	73,653	73,653	-	-	-
Other payable	100,628	100,628	100,628	-	-	-
Long-term borrowing (including current portion of long-term borrowings)	1,125,161	1,161,214	57,153	57,017	137,353	909,691
Lease liabilities (including current and non-current)	12,805	13,430	1,896	1,572	2,741	7,221
Convertible bonds payable	682,940	700,000	-	-	-	700,000
	$ **4,243,149**	**4,310,992**	**2,495,290**	**58,589**	**140,094**	**1,617,019**

	Book value	Cash flow of contract	Within 6 months	6 to 12 months	1 to 2 years	2 to 5 years
December 31, 2021						
Non-derivative financial liabilities						
Deposit received	$ 107	107	-	-	-	107
Short-term notes and bills payable	80,000	80,000	80,000	-	-	-
Short-term borrowings	1,906,362	1,912,849	1,757,104	155,745	-	-
Notes and accounts payable	131,624	131,624	131,624	-	-	-
Other payables	76,255	76,255	76,255	-	-	-
Long-term borrowing (including current portion of long-term borrowings)	1,157,452	1,184,133	11,153	55,605	110,947	1,006,428
Lease liabilities (including current and non-current)	17,789	18,590	2,924	2,240	3,466	9,960
Convertible bonds payable	678,528	700,000	-	-	-	700,000
	$ **4,048,117**	**4,103,558**	**2,059,060**	**213,590**	**114,413**	**1,716,495**

The Group does not expect that the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amounts.

(iii) Currency risk

1) Exposure to currency risk

The Group' s financial assets and liabilities exposed to exchange rate risk were as follows:

	December 31, 2022		
	Foreign currency	**Exchange rate**	**TWD**
Financial Assets			
Monetary items			
USD	$ 72,860	30.71	2,237,531
Financial Liabilities			
Monetary items			
USD	33,442	30.71	1,027,004

	December 31, 2021		
	Foreign currency	**Exchange rate**	**TWD**
Financial Assets			
Monetary items			
USD	$ 77,055	27.68	2,132,887
Financial Liabilities			
Monetary items			
USD	46,938	27.68	1,299,254

2) Sensitivity analysis

The Group's exposure to foreign current risk arises from the translation of cash and cash equivalents, receivables, short-term borrowing, accounts payable, and other payables, that are denominated in USD. Assuming all other variable factors remain constant, a strengthening (weakening) of $1 of the TWD against USD as of December 31, 2022 and 2021, would have increased (decreased) the net income $31,534 and $24,094, respectively.

3) Exchange gains and losses of monetary items

Due to the variety of the functional currencies of the Group’s entities, the Group’s foreign exchange gains (losses) on monetary items amounted to $120,667 and $2,403 for the years ended December 31, 2022 and 2021, respectively.

(iv) Interest rate analysis

The Group’s interest rate exposure regarding its financial assets and liabilities has been disclosed in the note of financial risk management.

The following sensitivity analysis is based on the exposure to interest rate risk of the derivative and non-derivative instruments on the reporting date. For variable rate instruments, the sensitivity analysis assumes the variable rate liabilities are outstanding for the whole year on the reporting date. The exposure to changes in interest rates (assuming all other variables remain constant) would have influenced the comprehensive income for the years ended December 31, 2022 and 2021, as illustrated below:

	Range of the fluctuations	**2022**	**2021**
Annual interest rate	Increase of 1%	**$ (26,984)**	**(24,511)**
	Decrease of 1%	**$ 26,984**	**24,511**

(v) Fair value of financial instruments

1) Fair value hierarchy

The fair value of financial assets and liabilities at fair value through profit or loss is measured on a recurring basis. The carrying amount and fair value of the Group’ s financial assets and liabilities, including the information on fair value hierarchy were as follows; however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and lease liabilities, disclosure of fair value information is not required:

	December 31, 2022				
		Fair Value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL	$ 51,655	51,655	-	-	51,655
Financial liabilities at FVTPL	$ 2,482	-	2,482	-	2,482
Financial assets at FVOCI	$ 3,369	-	-	3,369	3,369
Convertible bonds payable	$ 682,940	812,000	-	-	812,000

	December 31, 2021				
		Fair Value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL	$ 6,408	-	6,408	-	6,408
Financial assets at FVOCI	$ 37,000	-	-	37,000	37,000
Convertible bonds payable	$ 678,528	1,060,500	-	-	1,060,500

2) Valuation techniques for financial instruments not measured at fair value

The Group's valuation techniques and assumptions used for financial instruments not measured at fair value are as follows:

Financial assets and financial liabilities measured at amortized cost.If there is quoted price generated by transactions, the recent transaction price and quoted price data is used as the basis for fair value measurement. However, if no quoted prices are available, the discounted cash flows are used to estimate fair values.

3) Valuation techniques for financial instruments that are measured at fair value

The right-of-call or put option that embedded in derivative is measured by using the appropriate option pricing models.

There is no transfer between the levels for the years ended December 31, 2022 and 2021.

4) Quantitative information on significant unobservable inputs (Level 3) used in fair value measurement

The Group’s financial instruments that use Level 3 inputs to measure fair value include financial assets at FVOCI (equity instrument investments). Quantitative information of significant unobservable inputs was as follows:

Item	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Financial assets at FVOCI (equity instrument investments without an active market)	Market approach	· Net worth ratio multiplier (December 31, 2021 was 1.59) · Liquidity discount (December 31, 2021 was 30%)	· The higher the net worth ratio multiplier, the higher fair value. · The higher of liquidity discount, the lower fair value.
Financial assets at FVOCI (equity instrument investments without an active market)	Asset-based approach	· Net asset · Liquidity discount (December 31, 2022 and December 31, 2021 were both 30%)	· The higher the net asset ratio multiplier, the higher fair value. · The higher of liquidity discount, the lower fair value.

5) Reconciliation of Level 3 fair values

	Equity instrument investment at FVOCI
January 1, 2022	$ 37,000
Recognize through other comprehensive income	(7,756)
Receive capital liquidation	(25,875)
December 31, 2022	**$ 3,369**
January 1, 2021	$ 49,203
Recognize through other comprehensive income	(12,203)
December 31, 2021	**$ 37,000**

The above-mentioned total gains or loss included “ unrealized gains and losses from equity instrument investments measured at FVOCI gains and losses”.

(25) Financial risk management

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and process for measuring and managing risk. Further quantitative disclosures are included throughout these consolidated financial statements.

(i) Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework.

The Group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The financial management department provides services for each business, coordinating access to domestic and international financial markets operations, monitors and manages the financial risks associated with the operations of the Group by analyzing the internal risk report on risk based on the degree and extent of the risk. The risk including credit risk, liquidity risk and market risk. The market risk which including currency risk, interest rate risk, and other market price risk.

(ii) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group deposits its cash and cash equivalents with reputable banks; thus, the credit risk is low.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, the management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry and country in which customers operate. The Group limits its exposure to credit risk by establishing a dedicated team that is responsible for customer's credit assessment and approval, limit and monitoring procedures. This is to ensure that appropriate actions are taken for the recoverability of overdue receivables. In addition, the Group will review the recoverable amount of the receivables individually at each reporting date so that impairment losses are appropriately provided for those irrecoverable receivables.

The Group's policy is to provide financial guarantees only to wholly owned subsidiaries. There is no endorsement guarantee to entity other than subsidiary on December 31, 2022 and 2021.

(iii) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it always has sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group manages and maintains sufficient cash and cash equivalents so as to cope with its operations and mitigate the effects of fluctuations in cash flows. The Group's management supervises the banking facilities and ensures compliance with the terms of loan agreements.

(iv) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, and equity prices, will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

1) Currency risk

The Company is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of the Group's entities, primarily the USD.

Interest in borrowing is denominated with the same currency of borrowing principal. Generally, the denominated currency of borrowing is the same with the Group's cash flow generated from operation, primarily in TWD, but also USD. Under these circumstances, the natural economic hedge exists without using derivative instrument.

In respect of other monetary assets and liabilities denominated in foreign currencies, the Group ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

2) Interest rate risk

The Group's short-term and long-term borrowings are carried in variable interest rates. Therefore, the fluctuation of market rate will make the effective interest rate of short-term and long-term borrowings changed accordingly which resulted fluctuation in future cash flows.

(26) Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios to support its business and maximize shareholder's value.

The Group's industry is volatile, capital and technology-intensive industries, and the Group's life cycle is in a stable growth stage of operation. The remaining dividend policy must be adopted at this stage with funds to retain the surplus in response to operational growth and investment needs. The cash dividend distributed by the shareholder bonus shall not be less than 20% of the total distribution.

The top management of the Group re-examines the capital structure every six months, and its review includes consideration of the cost of each category of capital and related risks. Based on the recommendations of the top management, the Group will balance its overall capital structure by paying dividends, issuing new shares, buying back shares and issuing new debts or repaying old debts.

As of December 31, 2022, the way in which the Group's capital management was managed has not changed.

The debt-to-equity ratio at the reporting date is as follows:

	December 31, 2022	December 31, 2021
Total liabilities	$ 5,392,263	4,738,862
Less: cash and cash equivalents	(3,071,740)	(1,882,198)
Net debt	**$ 2,320,523**	**2,856,664**
Total equity	**$ 5,912,347**	**5,466,591**
Debt-to-equity ratio	**39.25%**	**52.26%**

(27) Financing activities not affecting current cash flow

Reconciliation of liabilities arising from financing activities were as follows:

			Non-cash changes		
	January 1, 2022	**Cash flows**	**Additions**	**Foreign exchange movement and others**	**December 31, 2022**
Deposit received	**$ 107**	**-**	**-**	**-**	**107**
Short-term notes and bills payable	**$ 80,000**	**(80,000)**	**-**	**-**	**-**
Short-term borrowings	**$ 1,906,362**	**344,481**	**-**	**(2,988)**	**2,247,855**
Long-term borrowing (including current portion of long-term borrowings)	**$ 1,157,452**	**(32,291)**	**-**	**-**	**1,125,161**
Lease liabilities (including current and non-current)	**$ 17,789**	**(4,990)**	**-**	**6**	**12,805**
Convertible bonds payable	**$ 678,528**	**-**	**-**	**4,412**	**682,940**

			Non-cash changes		
	January 1, 2021	**Cash flows**	**Additions**	**Foreign exchange movement and others**	**December 31, 2021**
Deposit received	$ 1,307	(1,200)	-	-	107
Short-term notes and bills payable	$ 80,000	-	-	-	80,000
Short-term borrowings	$ 1,538,966	375,898	-	(8,502)	1,906,362
Long-term borrowings (including current portion)	$ 864,622	292,830	-	-	1,157,452
Lease liabilities (including current and non-current)	$ 17,926	(6,196)	7,871	(1,812)	17,789
Convertible bonds payable	$ -	808,056	-	(129,528)	678,528

7. Related-party transactions

(1) Transactions with key management personnel

Key management personnel remuneration comprised:

		2022	**2021**
Short-term employee benefits	$	36,139	26,201
Post-employment benefits		265	372
	$	**36,404**	**26,573**

8. Pledged assets

Except for note 6(12), the carrying amount of the Group's pledged assets are as follows:

Assets	**Purpose of pledge**	**December 31, 2022**	**December 31, 2021**
Land	Long- and short-term borrowings and obtaining credit limit for short-term borrowings	$ 1,340,105	1,340,105
Buildings	Long- and short-term borrowings and obtaining credit limit for short-term borrowings	356,190	170,115
Machinery and Equipment	Long- and short-term borrowings	207,849	265,673
Time deposits (recorded in other financial assets－non-current)	Long-term borrowings	1,840	1,840
Time deposits (recorded in other financial assets－non-current)	Guarantee deposit of natural gas	1,500	1,500
Restricted deposit (recorded in other financial assets－non-current)	Create a pledge of convertible bonds payable	100,000	100,000
		$ **2,007,484**	**1,879,233**

9. Commitments and contingencies

Except for the note 6(13), the remaining statements were as follow:

(1) As of December 31, 2022 and 2021, the Group had acquired property, plant and equipment, with the remaining commitments of $142,319 and $163,645, respectively.

(2) As of December 31, 2022 and 2021, the subsidiary, Coremax (BVI) Corporation, had applied for a borrowing facility with an amount of USD3,000 (equivalent to $92,130 and $83,040, respectively) from a bank, in which the Company holds the responsibility as its joint guarantor.

(3) As of December 31, 2022 and 2021, Uranus Chemical applied for a financing amount from a bank, with the Company serving as the joint guarantor for the endorsement/guarantee amounting to $100,000 and $200,000, respectively.

(4) As of December 31, 2022 and 2021, the Company's opened and unused letters of credit amounted to $8,752 and $0 , respectively.

10. Losses Due to Major Disasters: None

11. Subsequent Events: None

12. Other

A summary of employee benefits, depreciation, and amortization, by function, is as follows:

By function / By item	2022			2021		
	Classified as operating cost	**Classified as operating expenses**	**Total**	**Classified as operating cost**	**Classified as operating expenses**	**Total**
Employee benefits						
Salaries	331,512	173,599	505,111	223,854	136,706	360,560
Labor and health insurance	23,727	13,434	37,161	21,937	10,498	32,435
Pension	10,037	4,345	14,382	8,475	3,497	11,972
Others	18,125	8,508	26,633	15,060	6,235	21,295
Depreciation	260,481	28,391	288,872	266,946	22,597	289,543

13. Other disclosures

(1) Information on significant transactions:

The following is the information on the Group's significant transactions required by the "Regulations Governing the Preparation of Financial Reports by Securities Issuers":

(i) Loans to other parties: Please refer to Table 1.

(ii) Guarantees and endorsements for other parties: Please refer to Table 2.

(iii) Securities held as of December 31, 2022 (excluding investment in subsidiaries, associates and joint ventures): Please refer to Table 3.

(iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT$300 million or 20% of the capital stock: None.

(v) Acquisition of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock: None.

(vi) Disposal of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock: None.

(vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NT$100 million or 20% of the capital stock: Please refer to Table 4.

(viii) Receivables from related parties with amounts exceeding the lower of NT$100 million or 20% of the capital stock: None.

(ix) Trading in derivative instruments: Please refer to note 6(2).

(x) Business relationships and significant intercompany transactions: Please refer to Table 5.

(2) Information on investees: Please refer to Table 6.

(3) Information on investment in mainland China:

(i) The names of investees in Mainland China, the main businesses and products, and other information: Please refer to Table 7(1).

(ii) Limitation on investment in Mainland China: Please refer to Table 7(2).

(iii) Significant transactions:

The significant inter-company transactions with the subsidiaries in Mainland China, which were eliminated in the preparation of consolidated financial statements, are disclosed in "Information on significant transactions".

(d) Major shareholders:

Unit: Share

Shareholding / Shareholder's Name	Shares	Percentage
CHANG XING INVESTMENT CO., LTD	13,691,032	12.79 %
CHEH JADE ENTERPRISE CO., LTD	13,233,929	12.36 %

Note 1: The information on major shareholders, which is provided by the Taiwan Depository &Clearing Corporation, summarized the shareholders who held over 5% of the total nonphysical ordinary shares and preference shares (including treasury shares) on the last business date of each quarter. The actual registered non-physical shares may be different from the capital shares disclosed in the consolidated financial statements due to the use of different calculation basis.

Note 2: In the case of the above information, if a shareholder delivers shares to the trust, the shares will be individually disclosed by the trustee who opened the trust account. As for shareholders' declarations of insider's equity holdings exceeding 10% in accordance with the Securities and Exchange Act, their shareholding include their own shareholding, plus the shares delivered to the trust, and the right to use the trust property. For further information on relevant insider shares, please refer to the Public Information Observatory.

14. Segment information

(1) General information and industrial information

The reportable segments are the Group's strategic divisions. They offer different products and services, and are managed separately because they require different technology and marketing strategies.

The Group did not allocate the head office management expenses, income tax expenses and non-recurring gains and losses to respective reportable segments. The amount presented is consistent with the report used by the chief operating decision maker. The accounting policies of the operating segments are consistent with the summary of the significant accounting policies described in note 4.

	2022						
	Oxidation catalyst department	**Battery material department**	**Chemical fertilizer department**	**Specialty chemical department**	**Other**	**Reconciliation and elimination**	**Total**
External revenue	$ 1,449,935	5,367,867	398,006	1,545,660	320,153	-	9,081,621
Inter-segment revenue	1,460	139,590	-	22,307	452,473	(615,830)	-
Segment revenue	**$ 1,451,395**	**5,507,457**	**398,006**	**1,567,967**	**772,626**	**(615,830)**	**9,081,621**
Segment operating income							**$ 1,024,526**

	2021						
	Oxidation catalyst department	**Battery material department**	**Chemical fertilizer department**	**Specialty chemical department**	**Other**	**Reconciliation and elimination**	**Total**
External revenue	$ 1,157,269	4,321,046	581,524	1,049,113	229,831	-	7,338,783
Inter-segment revenue	879	41,524	-	25,942	640,655	(709,000)	-
Segment revenue	**$ 1,158,148**	**4,362,570**	**581,524**	**1,075,055**	**870,486**	**(709,000)**	**7,338,783**
Segment operating income							**$ 943,365**

(2) Information by product and service

Revenue from external customers:

	2022	2021
Battery materials	$ 5,367,867	4,321,046
Oxidation catalysts	1,449,935	1,157,269
Chemical fertilizers	398,006	581,524
Specialty chemicals	1,545,660	1,049,113
Others	320,153	229,831
	$ 9,081,621	**7,338,783**

(3) Geographic information

In presenting information on the basis of geography, segment revenue is recognized based on the location of the customer and non-current assets are recognized based on the location of the asset.

A. Revenue from external customers:

Area	2022	2021
Taiwan	$ 8,438,070	6,725,655
China and other	643,551	613,128
	$ 9,081,621	**7,338,783**

B. Non-current assets (note):

Area	December 31, 2022	December 31, 2021
Taiwan	$ 4,350,403	4,078,820
China and other	191,179	193,844
	$ 4,541,582	**4,272,664**

Note: It includes property, plant and equipment, right-of-use assets, prepayment for purchase equipment and so on.

(4) Information on major customers:

For the years ended December 31, 2022 and 2021, the revenue generated from customers with 5% or more of the Group's revenue were $5,310,053 and $4,081,724, respectively.

Coremax Corporation and Subsidiaries

Loans to other parties

For the year ended December 31, 2022

Table 1 (Amounts in Thousands)

Number	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other parties during the period	Ending balance	Actual usage amount during the period	Range of interest rates during the period	Purposes of fund financing for the borrower (Note 5)	Transaction amount for business between two parties	Reasons for short-term financing	Allowance for bad deb	Collateral		Individual funding loan limits (Note 2)	Maximum limit of fund financing (Note 1)
													Item	Value		
1	COREMAX (BVI) CORPORATION	Coremax Ningbo Chemical Co., Ltd.	Other receivables	Yes	25,772	24,568	-	4%	2	-	Operating demand	-	None	-	130,993	196,490
1	COREMAX (BVI) CORPORATION	Coremax (Thailand) Co., Ltd.	Other receivables	Yes	77,225	76,775	16,891	4%~5.5%	2	-	Operating demand	-	None	-	130,993	196,490
1	COREMAX (BVI) CORPORATION	Coremax (Zhangzhou) Chemical co., Ltd.	Other receivables	Yes	32,215	30,710	-	4%	2	-	Operating demand	-	None	-	130,993	196,490
2	Coremax Ningbo Chemical Co., Ltd.	Coremax (Zhangzhou) Chemical co., Ltd.	Other receivables	Yes	18,024	17,632	-	4%	2	-	Operating demand	-	None	-	34,694	52,041
3	Jiangxi Tianjiang Materials Co., Ltd.	Coremax (Zhangzhou) Chemical co., Ltd.	Other receivables	Yes	11,265	11,020	11,020	4%	2	-	Operating demand	-	None	-	12,905 (Note 4)	16,131 (Note 4)
4	Coremax (Zhangzhou) Chemical co., Ltd.	Coremax Ningbo Chemical Co., Ltd.	Other receivables	Yes	18,024	17,632	-	4%	2	-	Operating demand	-	None	-	57,657	86,486

Note 1: The number denote the following：
(1)The issue is number 0
(2)Interest are listed in accordance with names and sequential order starting with 1.

Note2: Limit of total financing amount shall not exceed 30% of latest financial statements of the lender's capital.

Note3: Limit of financing amount for individual counter-party shall not exceed 20% of the latest financial statements of the lender's capital.

Note4: Limit of total financing amount shall not exceed 100% of latest financial statements of the lender's capital. Limit of financing amount for individual counter-party shall not exceed 80% of the latest financial statements of the lender's capital.

Note5: (1) Parties which have business relationship with the Company
(2) The need for short-term financing

Coremax Corporation and Subsidiaries
Guarantees and endorsements for other parties
For the year ended December 31, 2022

Table 2 (Amounts in Thousands)

No.	Name of guarantor	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise (Note 4)	Highest balance for guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Property pledged for guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements (Note 3)	Parent company endorsements / guarantees to third parties on behalf of subsidiary	Subsidiary endorsements/ guarantees to third parties on behalf of parent company	Endorsements / guarantees to third parties on behalf of companies in Mainland China
		Name	Relationship with the Company (Note 2)										
0	The company	Coremax (BVI) Corporation	2	999,659	96,645	92,130	-	-	1.84 %	2,499,148	Y	N	N
0	The company	Uranus Chemicals	2	999,659	200,000	100,000	-	-	2.00 %	2,499,148	Y	N	N

Note 1: The numbers denote the following:
(1) The issuer is number 0.
(2) Investees are listed in accordance with names and in sequential order starting with 1.

Note 2: The relation between guarantor and guarantee and their endorsement should be disclosed as one of the following:
(1) An entity that is with business relationship.
(2) Subsidiary which owned more than 50 percent by the guarantor.
(3) An investee owned more than 50 percent in total by both the guarantor and its subsidiary.
(4) An investee owned more than 90 percent by the guarantor or its subsidiary.
(5) Fulfillment of contractual obligations by providing mutual endorsements and guarantor for peer or joint builders in order to undertake a construction project.
(6) An entity that is guaranteed and endorsed by all capital contributing shareholders in proportion to their shareholding percentages.
(7) The companies in the same industry provide among themselves joint and several securities for a performance guarantee of a sales contract for per-construction homes pursuant to the Consumer Protection Act for each other.

Note 3: The total amount for guarantees and endorsements provided by the Company to other entities shall not exceed 50% of latest financial statements of the Company’s net worth audited.

Note 4: The total amount for guarantees and endorsements provided by the Company to any individual entity shall not exceed 20% of latest financial statements of the Company’s net worth audited.

Coremax Corporation and Subsidiaries
Securities held as of December 31, 2022 (excluding investment in subsidiaries, associates and joint ventures)
December 31, 2022

Table 3 (Shares in Thousands /Amounts in Thousands)

Name of holder	Category and name of security	Relationship with company	Account title	Shares (thousands)	Ending balance			Highest percentage of ownership (%)	Note
					Carrying value	Percentage of ownership	Fair value		
Hengi Chemical	ORGCHEM TECHNOLOGIES, INC.	None	Non-current financial assets at fair value through other comprehensive income	2,873	-	5.00 %	-	5.00 %	Note 1
Uranus Chemicals Co., Ltd.	HSINCHU GOLF COUNTRY CLUB Co.,Ltd	None	Non-current financial assets at fair value through other comprehensive income	3	3,369	- %	3,369	- %	

Note 1: ORGCHEM TECHNOLOGIES, INC. has started liquidation process from January, 2022; the Company has received $25,875 thousands of capital liquidation payments until December 31, 2022, and the remaining carrying value of the investment has been adjusted to zero.

Coremax Corporation and Subsidiaries

Related-party transactions for purchases and sales with amounts exceeding the lower of NT$100 million or 20% of the capital stock

For the year ended December 31, 2022

Table 4 (Amounts in Thousands)

Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase/ Sale	Amount	Percentage of total purchases/sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	
The Company	Coremax (Zhangzhou) Chemical Co., Ltd.	100% owned subsidiary of the parent company	Sales	(203,575)	(2.67)%	100% T/T 180 days since arrival	-	Not significantly different	41,186	9.44 %	Note
The Company	Uranus Chemicals Co., Ltd.	63.94% owned subsidiary of the parent company	Purchase	155,959	2.43 %	Net 67 days from the end of the month of when invoice is issued	-	Not significantly different	(43,763)	(50.09)%	Note
The Company	Coremax Ningbo Chemical Co., Ltd.	100% owned subsidiary of the parent company	Sales	(122,783)	(1.61)%	100% T/T 150 days since arrival	-	Not significantly different	61,997	14.21 %	Note

Note: The relevant transactions and ending balance are eliminated in consolidated financial statement.

Coremax Corporation and Subsidiaries
Business relationships and significant intercompany transactions
For the year ended December 31, 2022

Table 5 (In Thousands of New Taiwan Dollars)

No.	Name of company	Name of counter-party	Nature of relationship	Intercompany transactions			
				Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets
0	The Company	Coremax (Zhangzhou) Chemical Co., Ltd.	The parent company to the subsidiary.	Sales	203,575	Net 180 days after delivery	2.24 %
0	The Company	Coremax Ningbo Chemical Co., Ltd.	The parent company to the subsidiary.	Sales	122,783	Net 180 days after delivery	1.35 %
0	The Company	Uranus Chemicals Co., Ltd.	The parent company to the subsidiary.	Purchase	155,959	Net 67 days from the end of the month	1.72 %

Note 1: The characters of business transactions between parent company and its subsidiaries are coded as follows:
1. The parent company is coded "0".
2. The subsidiaries are coded consecutively beginning from "1" in the order presented in the table above.

Note 2: The relationships with transactions are as follows:
(1) Parent company to its subsidiaries.
(2) Subsidiaries to the parent company.
(3) Transactions between subsidiaries.

Note 3: The ratio of the transaction amount of the consolidated total sales revenue and consolidated total assets are calculated as follows:
(1) For transaction amount accounted for as asset or liability, the ratio is calculated based on the closing balance amount of the consolidated total assets.
(2) For transaction amount accounted for as profit or loss, the ratio is calculated based on the accumulated amount at the end of the financial period of the consolidated total sales revenue.

Note 4: The amount of significant transaction should exceed 1 percent of the consolidated operating revenue or total assets.

Coremax Corporation and Subsidiaries

Information on Investees (Excluding Information on Investees in Mainland China)

For the year ended December 31, 2022

Table 6 (Shares in Thousands /Amount in Thousands)

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2022			Highest percentage of ownership during the year (%)	Net income (losses) of investee	Share of profits/losses of investee	Note
				December 31, 2022	December 31, 2021	Shares (thousands)	Percentage of ownership	Carrying value				
The Company	COREMAX (BVI) CORPORATION	British Virgin Islands	Investment company	302,406	302,406	9,658	100 %	654,965	100 %	54,994	54,994	Note
The Company	Hengi Chemical Co., Ltd.	Taiwan	Manufacturing and sales of chemical fertilizers, chemical raw materials, organic fertilizer and fertilizers with organic matter. Import and export of related business. Recycling and reproduce of solvent and pollutants.	1,143,369	1,143,369	41,058	82.44 %	1,527,591	82.44 %	109,548	90,104	Note
The Company	Uranus Chemicals Co., Ltd.	Taiwan	Manufacturing and sales of oxalic acid, organic and inorganic acid, rare earth compounds and related products	824,736	710,758	39,804	63.94 %	1,065,061	64.72 %	(46,964)	16,334	Note
COREMAX (BVI) CORPORATION	COREMAX (THAILAND) CO., LTD.	Thailand	Manufacturing and processing of pure terephthalic acid oxidation catalyst, sodium carbonate solutions, wastewater treatment solutions, exhaust gas absorbent and cobalt compound series products.	67,047	67,047	70	100 %	80,905	100 %	14,440	14,440	Note

Note: The relevant transactions and ending balance are eliminated in consolidated financial statement.

Coremax Corporation and Subsidiaries
Information on Investment in Mainland China
For the year ended December 31, 2022

Table 7

(Amounts in Thousands)

(1) The names of investees in Mainland China, the main businesses and products, and other information

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2021	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2022	Net income (losses) of the investee	Percentage of ownership	Highest Percentage of ownership during the year	Investment income (losses) (Notes 4, 6)	Book value	Accumulated remittance of earnings in current period
					Outflow	Inflow							
Coremax Zhuhai Chemical Co., Ltd.	Production and sales of oxidation catalysts, sodium carbonate solutions, wastewater treatment solutions, exhaust gas absorbents and cobalt compound series products.	38,775 (USD1,150)	Investment in companies in Mainland China through investment companies in the third regions.	38,775 (USD1,150)	-	-	38,775 (USD1,150)	- (Note 3)	-%	-%	-	- (Note 3)	-
Coremax Ningbo Chemical Co., Ltd.	Manufacturing and processing of pure terephthalic acid oxidation catalyst, sodium carbonate solutions, wastewater treatment solutions, exhaust gas absorbent and cobalt compound series products.	98,482 (USD3,000)	Investment in companies in Mainland China through investment companies in the third regions.(note 1)	81,240 (USD2,470)	-	-	81,240 (USD2,470)	(262)	100.00%	100%	(262) (USD(9))	173,469	-
Coremax (Zhangzhou) Chemical Co., Ltd.	Manufacturing, processing and wholesale of pure terephthalic acid oxidation catalyst, sodium carbonate solutions, wastewater treatment solutions, waste gas absorbent and cobalt compound series products, and regeneration treatment of abort oxidation catalyst.	185,654 (USD6,280)	Investment in companies in Mainland China through investment companies in the third regions.(note 2)	148,795 (USD4,988)	-	-	148,795 (USD4,988)	38,177	100.00%	100%	38,177 (USD1,281)	288,287	-
Jiangxi Tianjiang Materials Co., Ltd.	Manufacturing and sales of oxalic acid、organic and inorganic acid、rare earth compounds and related products	43,947 (USD1,350)	Uranus Chemical invest companies in Mainland China	43,947 (USD1,350)	-	-	43,947 (USD1,350)	(407)	100.00%	100%	(407)	16,131	-

(2) Limitation on investment in Mainland China

Cumulated Investment in Mainland China as of December 31, 2022	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment (Note 5)
312,757 (USD 9,958)	438,769 (USD 14,288)	2,998,978

Note 1: The paid-up capital amount is NTD $98,482.0 (USD3,000.0 thousand), which included the cash remitted by the Company through its subsidiary, COREMAX (BVI) CORPORATION amounting to NTD 81,24081,240 (USD2,470 thousand) and surplus from COREMAX (BVI) CORPORATION amounting to NTD17,242 (USD530 thousand).

Note 2: The paid up capital amount is NTD185,654 (USD6,280 thousand), which included the cash remitted by the Company through its subsidiary, COREMAX (BVI) CORPORATION, amounting to NTD124,097 (USD4,200 thousand), surplus from COREMAX (BVI) CORPORATION amounting to NTD6,055 (USD200 thousand), Coremax (BVI) Corporation acquired of shares from other external shareholders amounting to NTD24,698 (USD788 thousand) in obtaining paid up capital of NTD21,890 (USD750 thousand), cash remitted by Coremax Zhuhai Chemical Co., Ltd. is amounting to NTD20,720 (USD700 thousand), and cash remitted by Coremax Ningbo Chemical Co., Ltd. Is amounting to NTD12,892 (USD430 thousand).

Note 3: Coremax Zhuhai Chemical Co., Ltd., an indirectly invested subsidiary by the Company, has been sold to the third party in July 2021. In September 2021, the Company obtained the approval of the Investment Commission, MOEA to transfer the stocks. However, the transfer amount is repatriated to the subsidiary COREMAX (BVI) CORPORATION, instead of the Company. The Company's cumulative investment of NTD38,775 (USD1,150 thousand) still needs to be included in the cumulative amount of investments from Taiwan to China according to the regulations of the Investment Commission, MOEA.

Note 4: Amount was recognized based on the audited financial statement.

Note 5: The Company investment in Mainland China pursuant to "Principle of investment or Technical Cooperation in Mainland China" is not exceeding the investment amount or percentage limit.

Note 6: The relevent transactions and ending balance are eliminated in consolidated financial statment.

Attachment 3

Parent Company-Only financial statements of the recent year, audited and certified by CPAs

Stock Code:4739

Coremax Corporation

Parent-Company-Only Financial Statements

With Independent Auditors' Report
For the Years Ended December 31, 2022 and 2021

The independent auditors' report and the accompanying parent-company-only financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' report and parent-company-only financial statements, the Chinese version shall prevail.

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Independent Auditors' Report

To the Board of Directors
Coremax Corporation:

Opinion

We have audited the financial statements of Coremax Corporation ("the Company"), which comprise the balance sheets as of December 31, 2022 and 2021, and the statements of comprehensive income, changes in equity and cash flows for the years then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Account of Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirement. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2022. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Based on our judgment, the key audit matters should be reflected in our report are as follow:

1. Loss allowance assessment of Receivables

   Please refer to Note 4(6) "Financial instruments" for the accounting policies of loss allowance assessment of receivables, Note 5 " for the relevant accounting estimation, and major sources of assumption uncertainty"; and Note 6(3) "Notes and accounts receivable, net" to the financial statements for the details of relevant disclosures.

Description of key audit matters:

The Company has a worldwide customer base. As such, the Company may encounter difficulty in obtaining financial information of the customers due to the rapid changes in the business environment which included the industry, technology, market, and economic, as well as legal matters. When assessing the expected credit loss of its receivables during its lifetime, the receivables are measured based on the factors such as aging analysis of accounts receivable, customers' financial status, historical collection experience, current market conditions, and consideration of forward-looking information. The assessment of allowance for loss on accounts receivables involved subjective judgment of management, which has been identified as one of our key audit matters.

How the matter was addressed in our audit:

Our main audit procedures included: Obtaining and checking the accuracy of the impairment loss calculation from the management of the accounts receivable ; checking the completeness of the aging analysis of the receivables and accuracy of the aging bracket by sampling, and analyzing the receivables aging and historical receivables collection record and customer credit risk concentration in measuring the appropriateness of the expected credit loss rate in order to evaluate the reasonableness of the provision amount of the account receivable loss allowance of the Company, and evaluating the adequacy of the Company's disclosures in the accounts.

2. Valuation of Inventories

Please refer to Note 4(7) "Inventories" for the accounting policies of inventories valuation, Note 5 "for the relevant accounting estimation, and major sources of assumption uncertainty", and Note 6(4) "Inventories" to the financial statements for the details of relevant disclosures.

Description of key audit matters:

The Company's inventories are measured at the lower of cost and net realizable value. The Company will exercise judgment in estimating the net realizable value of its inventories as at reporting date. Estimation of net realizable value might subject to significant changes due to the fluctuations of the market and rapid changes in technology. Therefore, estimation of devaluation loss that reduce inventory to market value is one of our key audit matters.

How the matter was addressed in our audit:

Our principal audit procedures included: Understanding and evaluating the assessment performed by the management in calculating the net realizable value, as well as vouching to relevant documents for samples selected; evaluating the adequacy of the provisions policy；assessing whether the valuation of inventories did follow such policy; and considering the adequacy of the Company's disclosures in the accounts.

Responsibilities of Management and Those Charged with Governance for the Parent-company-only Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company' s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance (including members of the Audit Committee) are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Parent-company-only Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor' s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient and appropriate audit evidence regarding the financial information of the investment in other entities accounted for using the equity method to express an opinion on this financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Chi-Lung Yu and Pei-Chi Chen.

KPMG

Taipei, Taiwan (Republic of China)
March 1, 2023

Notes to Readers

The accompanying parent-company-only financial statements are intended only to present the parent-company-only financial position, financial performance and cash flows in accordance with the accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such parent-company-only financial statements are those generally accepted and applied in the Republic of China.

The independent auditors' report and the accompanying parent-company-only financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' report and parent-company-only financial statements, the Chinese version shall prevail.

(English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese)

Coremax Corporation

Balance Sheets

December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

Assets	December 31, 2022 Amount	%	December 31, 2021 Amount	%
Current assets:				
Cash and cash equivalents (note 6(1))	$ 1,993,164	23	926,133	12
Financial assets at fair value through profit or loss－current (note 6(2))	51,655	-	-	-
Accounts receivable, net (note 6(3))	305,886	4	527,360	7
Accounts receivable due from related parties (notes 6(3) and 7)	130,538	2	72,677	1
Other receivables due from related parties (note 7)	933	-	1,575	-
Inventories (note 6(4))	1,696,617	20	1,527,623	20
Prepayments to suppliers	251,985	3	911,068	12
Other financial assets－current (notes 6(8) and 8)	61,820	-	31,392	-
Other current assets (note 6(7))	161,768	2	97,307	2
	4,654,366	54	4,095,135	54
Non-current assets:				
Financial assets at fair value through profit or loss－non-current (note 6(2))	-	-	6,408	-
Investments accounted for using equity method (notes 6(5), (6) and 7)	3,247,617	38	2,943,326	38
Property, plant and equipment (notes 6(9) and 8)	444,243	6	462,455	6
Right-of-use assets (note 6(10))	46,467	-	57,120	1
Deferred tax assets (note 6(17))	61,978	1	20,285	-
Other financial assets－non-current (notes 6(8) and 8)	103,201	1	103,796	1
Other non-current assets (note 6(7))	4,906	-	-	-
	3,908,412	46	3,593,390	46
Total assets	$ 8,562,778	100	7,688,525	100

Liabilities and Equity	December 31, 2022 Amount	%	December 31, 2021 Amount	%
Current liabilities:				
Short-term notes and bills payable (note 6(11))	$ -	-	80,000	1
Short-term borrowings (note 6(12))	1,692,855	20	1,287,962	17
Notes payable	166	-	-	-
Accounts payable	33,072	-	76,322	1
Accounts payable to related parties (note 7)	54,126	-	41,883	-
Other payables (note 6(13))	167,316	2	50,510	-
Current tax liabilities	124,515	2	81,985	1
Current lease liabilities (note 6(15))	9,482	-	10,304	-
Long-term borrowings, current portion (note 6(12))	106,785	1	62,291	1
Other current liabilities (note 6(13))	299,152	4	116,288	2
	2,487,469	29	1,807,545	23
Non-current liabilities:				
Financial liabilities at fair value through profit or loss－non-current (notes 6(2) and (14))	2,482	-	-	-
Convertible bonds payable (note 6(14))	682,940	8	678,528	9
Long-term borrowings (notes 6(12) and 8)	266,924	4	373,709	5
Deferred tax liabilities (note 6(17))	79,636	1	52,726	1
Non-current lease liabilities (note 6(15))	38,339	-	47,821	-
Net defined benefit liability－non-current (note 6(16))	6,691	-	6,676	-
Deposits received	-	-	524	-
	1,077,012	13	1,159,984	15
Total liabilities	3,564,481	42	2,967,529	38
Equity (notes 6(5), (14) and (18)):				
Ordinary share capital	1,070,293	12	1,070,293	14
Capital surplus	2,673,415	31	2,585,667	34
Retained earnings	1,377,222	16	1,204,411	16
Other equity interest	(35,403)	-	(46,536)	(1)
Treasury shares	(87,230)	(1)	(92,839)	(1)
Total equity	4,998,297	58	4,720,996	62
Total liabilities and equity	$ 8,562,778	100	7,688,525	100

See accompanying notes to financial statements.

(English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese)

Coremax Corporation

Statements of Comprehensive Income

For the years ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars, except for earnings per share)

	2022		2021	
	Amount	%	Amount	%
Net operating revenue (notes 6(20) and 7)	$ 7,615,998	100	5,887,001	100
Operating costs (notes 6(4), (16) and (21))	7,030,820	92	5,276,537	90
Gross profit	585,178	8	610,464	10
Realized (unrealized) profit from sales (note 7)	11,540	-	(7,824)	-
Realized gross profit	596,718	8	602,640	10
Operating expenses (notes 6(16) and (21)):				
Selling expenses	93,225	1	69,669	1
General administrative expenses	152,791	2	99,805	2
Research and development expenses	16,988	-	6,396	-
Total operating expenses	263,004	3	175,870	3
Net operating income	333,714	5	426,770	7
Non-operating income and expenses:				
Other income (note 6(22))	2,070	-	3,617	-
Other gains and losses, net (note 6(22))	53,830	1	(5,448)	-
Finance costs (notes 6(12), (14) and (22))	(38,445)	(1)	(15,045)	-
Interest income (note 6(22))	6,586	-	417	-
Share of profit of subsidiaries accounted for using equity method (note 6(6))	161,432	2	160,510	3
Foreign exchange gains (losses) (note 6(23))	118,526	2	2,471	-
Total non-operating income and expenses	303,999	4	146,522	3
Income before income tax	637,713	9	573,292	10
Income tax expenses (note 6(17))	144,553	2	110,362	3
Net income	493,160	7	462,930	7
Other comprehensive income:				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurements of defined benefit plans	2,072	-	(2,653)	-
Unrealized gains (losses) of financial assets measured at fair value through other comprehensive income	(6,393)	-	(10,207)	-
Income tax related to items that will not be reclassified to profit or loss	-	-	-	-
Total items that will not be reclassified subsequently to profit or loss	(4,321)	-	(12,860)	-
Items that may be reclassified subsequently to profit or loss				
Exchange differences on translation of foreign financial statements	21,908	-	(22,214)	-
Income tax relating to item that may be reclassified subsequently (note 6(17))	4,381	-	(4,443)	-
Total items that may be reclassified subsequently to profit or loss	17,527	-	(17,771)	-
Other comprehensive income	13,206	-	(30,631)	-
Total comprehensive income	**$ 506,366**	**7**	**432,299**	**7**
Earnings per share (New Taiwan Dollars) (note 6(19)):				
Basic earnings per share	**$**	**4.72**		**4.67**
Diluted earnings per share	**$**	**4.47**		**4.62**

See accompanying notes to financial statements.

(English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese)
Coremax Corporation
Statements of Changes in Equity
For the years ended December 31, 2022 and 2021
(Expressed in Thousands of New Taiwan Dollars)

	Share capital		Retained earnings				Other equity interest				
	Ordinary share capital	Capital surplus	Legal reserve	Special reserve	Retained earnings	Total	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income (Note)	Total	Treasury shares	Total equity
Balance at January 1, 2021	$ 930,293	1,603,253	222,255	20,130	625,616	868,001	(13,411)	(5,147)	(18,558)	(129,796)	3,253,193
Net income for the period	-	-	-	-	462,930	462,930	-	-	-	-	462,930
Other comprehensive income (loss) for the period (Note)	-	-	-	-	(2,653)	(2,653)	(17,771)	(10,207)	(27,978)	-	(30,631)
Total comprehensive income (loss) for the period	-	-	-	-	460,277	460,277	(17,771)	(10,207)	(27,978)	-	432,299
Appropriation and distribution of retained earnings:											
Appropriated legal reserve	-	-	15,385	-	(15,385)	-	-	-	-	-	-
Reversed special reserve	-	-	-	(1,571)	1,571	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(121,205)	(121,205)	-	-	-	-	(121,205)
Capital increased by cash	140,000	717,850	-	-	-	-	-	-	-	-	857,850
Issuance of convertible bonds	-	136,719	-	-	-	-	-	-	-	-	136,719
Transfer ordinary shares to employees (including subsidiaries)	-	19,542	-	-	-	-	-	-	-	34,295	53,837
Disposal of company's share by subsidiaries recognized as treasury share transactions	-	70,101	-	-	(2,662)	(2,662)	-	-	-	2,662	70,101
Adjustment to capital surplus due to the Company's cash dividend distributed to subsidiaries	-	3,316	-	-	-	-	-	-	-	-	3,316
Differences between consideration and carrying amounts of subsidiaries shareholding acquired or disposed of	-	(53)	-	-	-	-	-	-	-	-	(53)
Amounts affected by cash capital increase of subsidiaries not recognized in proportion to shareholding	-	(1,246)	-	-	-	-	-	-	-	-	(1,246)
Share-based payments	-	36,185	-	-	-	-	-	-	-	-	36,185
Balance at December 31, 2021	1,070,293	2,585,667	237,640	18,559	948,212	1,204,411	(31,182)	(15,354)	(46,536)	(92,839)	4,720,996
Net income for the period	-	-	-	-	493,160	493,160	-	-	-	-	493,160
Other comprehensive income (loss) for the period (Note)	-	-	-	-	2,073	2,073	17,526	(6,393)	11,133	-	13,206
Total comprehensive income	-	-	-	-	495,233	495,233	17,526	(6,393)	11,133	-	506,366
Appropriation and distribution of retained earnings:											
Appropriated legal reserve	-	-	45,761	-	(45,761)	-	-	-	-	-	-
Appropriated special reserve	-	-	-	27,977	(27,977)	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(316,813)	(316,813)	-	-	-	-	(316,813)
Share-based payment transactions	-	911	-	-	-	-	-	-	-	-	911
Disposal of company's share by subsidiaries recognized as treasury share transactions	-	78,367	-	-	(5,609)	(5,609)	-	-	-	5,609	78,367
Adjustments of capital surplus for company's cash dividends received by subsidiaries	-	5,740	-	-	-	-	-	-	-	-	5,740
Amounts affected by cash capital increase of subsidiaries not recognized in proportion to shareholding	-	2,730	-	-	-	-	-	-	-	-	2,730
Balance at December 31, 2022	$ 1,070,293	2,673,415	283,401	46,536	1,047,285	1,377,222	(13,656)	(21,747)	(35,403)	(87,230)	4,998,297

Note: Include the Company's share of profit of subsidiaries accounted for using equity method.

See accompanying notes to financial statements.

(English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese)

Coremax Corporation

Statements of Cash Flows

For the years ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

		2022	2021
Cash flows from operating activities:			
Income before income tax	$	637,713	573,292
Adjustments:			
Adjustments to reconcile profit :			
Depreciation		75,915	73,346
Net loss (profit) on financial assets and liabilities through profit or loss		(53,787)	5,052
Interest expense		38,445	15,045
Interest income		(6,586)	(417)
Share of profit of subsidiaries accounted for using equity method		(161,432)	(160,510)
Unrealized (realized) gain from inter-affiliate accounts sale		(11,540)	7,824
Share-based payments		-	23,816
Adjustment for other non-cash-related losses, net		(60)	1,410
Subtotal of gains or losses on non-cash activities		(119,045)	(34,434)
Changes in operating assets and liabilities:			
Notes and accounts receivable (including related parties)		163,613	(275,702)
Inventories		(168,994)	(802,397)
Prepayments to suppliers		659,083	(403,546)
Other current assets		(63,819)	(1,376)
Other financial assets		443	1,336
Notes and accounts payable (including related parties)		(30,841)	(7,511)
Other current liabilities		307,100	93,314
Net defined benefit liability		91	87
Total adjustments		747,631	(1,430,229)
Cash inflow (outflow) from operations		1,385,344	(856,937)
Interest received		6,586	417
Interest paid		(34,216)	(15,370)
Income taxes paid		(121,187)	(1,070)
Net cash from (used in) operating activities		1,236,527	(872,960)
Cash flows from investing activities:			
Acquisition of investments accounted for using equity method		(113,542)	(413,106)
Acquisition of non-controlling interests		(435)	(5,021)
Acquisition of property, plant and equipment		(56,638)	(62,792)
Proceeds from disposal of property, plant and equipment		60	-
Increase in restricted deposit		-	(100,000)
Increase in refundable deposits		(19,254)	(7,896)
Increase (decrease) in other non-current assets		(2,566)	1,690
Dividends received		87,919	102,644
Net cash used in investing activities		(104,456)	(484,481)
Cash flows from financing activities:			
Increase in short-term borrowings		407,881	392,764
Decrease in short-term notes and bills payable		(80,000)	-
Repayments of long-term borrowings (including current portion)		(62,291)	-
Decrease in guarantee deposits received		(524)	-
Payment of lease liabilities		(10,304)	(11,159)
Cash dividends paid		(316,813)	(121,205)
Capital increase by cash		-	857,850
Treasury stocks transfer to employees		-	53,837
Issuance of convertible bonds		-	808,056
Net cash from (used in) financing activities		(62,051)	1,980,143
Effect of exchange rate changes on cash and cash equivalents		(2,989)	(7,062)
Net increase in cash and cash equivalents		1,067,031	615,640
Cash and cash equivalents at beginning of period		926,133	310,493
Cash and cash equivalents at end of period	$	**1,993,164**	**926,133**

See accompanying notes to financial statements.

COREMAX CORPORATION

Notes to the Parent-Company-Only Financial Statements

For the years ended December 31, 2022 and 2021

(Amounts expressed in Thousands of New Taiwan Dollars, except for per share information and unless otherwise noted)

1. Company history

Coremax Corporation (the "Company") was incorporated in Hsinchu, Republic of China (R.O.C.), on June 16, 1992. The registered address of the Company's office is 11 Wenhua Road, Hsinchu Industrial Park, Hsinchu County 30352, Taiwan R.O.C. The Company's ordinary shares were publicly listed on the Taiwan Stock Exchange on September 8, 2017 and the trading of Taipei Exchange stock was officially terminated on the same date.

The Company are mainly involved in the manufacturing, sales, import and export of oxidation catalyst, battery materials and specialty chemicals.

2. Approval date and procedures of the financial statements

The financial statements were authorized for issue by the Board of Directors on March 1, 2023 .

3. New standards, amendments and interpretations adopted:

(a) The impact of the International Financial Reporting Standards ("IFRSs") endorsed by the Financial Supervisory Commission, R.O.C. which have already been adopted.

The Company has initially adopted the following new amendments, which do not have a significant impact on its financial statements, from January 1, 2022:

- Amendments to IAS 16 "Property, Plant and Equipment－Proceeds before Intended Use"
- Amendments to IAS 37 "Onerous Contracts－Cost of Fulfilling a Contract"
- Annual Improvements to IFRS Standards 2018–2020
- Amendments to IFRS 3 "Reference to the Conceptual Framework"

(b) The impact of IFRS issued by the FSC but not yet effective

The Company assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2023, would not have a significant impact on its financial statements:

- Amendments to IAS 1 "Disclosure of Accounting Policies"
- Amendments to IAS 8 "Definition of Accounting Estimates"
- Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"

(c) The impact of IFRS issued by IASB but not yet endorsed by the FSC

The following new and amended standards, which may be relevant to the Company, have been issued by the International Accounting Standards Board (IASB), but have yet to be endorsed by the FSC:

Standards or Interpretations	Content of amendment	Effective date per IASB
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement for at least 12 months after the reporting date. The amendments has removed the requirement for a right to be unconditional and instead now requires that a right to defer settlement must exist at the reporting date and have substance. The amendments clarify how a company classifies a liability that can be settled in its own shares – e.g. convertible debt.	January 1, 2024
Amendments to IAS 1 "Non-current Liabilities with Covenants"	After reconsidering certain aspects of the 2020 amendments1, new IAS 1 amendments clarify that only covenants with which a company must comply on or before the reporting date affect the classification of a liability as current or non-current. Covenants with which the company must comply after the reporting date (i.e., future covenants) do not affect a liability' s classification at that date. However, when non-current liabilities are subject to future covenants, companies will now need to disclose information to help users understand the risk that those liabilities could become repayable within 12 months after the reporting date.	January 1, 2024

The Company is evaluating the impact of its initial adoption of the abovementioned standards or interpretations on its consolidated financial position and financial performance. The results thereof will be disclosed when the Company completes its evaluation.

The Company does not expect the following other new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its financial statements:

- Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture"

- IFRS 17 “ Insurance Contracts” and amendments to IFRS 17 “ Insurance Contracts”
- IFRS16 “Requirements for Sale and Leaseback Transactions”

4. Summary of significant accounting policies

The significant accounting policies presented in the financial statements are summarized as follows. Except for those described individually, the significant accounting policies have been applied consistently to all the periods presented in the financial statements.

(1) Statement of compliance

The parent-company-only financial statements have been prepared in accordance with the “ Regulations Governing the Preparation of Financial Reports by Securities Issuers” (hereinafter referred to as the Regulations).

(2) Basis of preparation

(i) Basis of measurement

The parent-company-only financial statements have been prepared on a historical cost basis except for the following material items in the balance sheets:

1) Financial instruments at fair value through profit or loss are measured at fair value (include derivative instruments);

2) The defined benefit liabilities are measured fair value of the plan assets less the present value of the defined benefit obligation, limited as explained in note 4(13).

(ii) Functional and presentation currency

The functional currency of the Company is determined based on the primary economic environment in which the entity operates. The financial statements are presented in New Taiwan Dollars (TWD), which is the Company’s functional currency. Unless otherwise noted, all financial information presented in TWD has been rounded to the nearest thousand.

(3) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated into the functional currency of the Company at the exchange rates at the dates of the transactions. At the end of each subsequent reporting period, monetary items denominated in foreign currencies are translated into the functional currencies using the exchange rate at that date.

Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currencies using the exchange rate at the date that the fair value was determined. Non-monetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

Exchange differences are generally recognized in profit or loss, except for those differences relating to the following, which are recognized in other comprehensive income:

1) an investment in equity securities designated as at fair value through other comprehensive income;

2) a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; or

3) qualifying cash flow hedges to the extent that the hedges are effective.

(ii) Foreign operations

The assets and liabilities of foreign operations are translated into the presentation currency at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into the presentation currency at the average exchange rate. Exchange differences are recognized in other comprehensive income.

(4) Classification of current and non-current assets and liabilities

The Company classifies an asset as current when any one of the following requirements is met. Assets that are not classified as current are non-current assets.

(i) It expects to realize the asset, or intends to sell or consume it, in its normal operating cycle;

(ii) It holds the asset primarily for the purpose of trading;

(iii) It expects to realize the asset within twelve months after the reporting date; or

(iv) The asset is cash or cash equivalent except for the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

The Company classifies a liability as current when any one of the following requirements is met. Liabilities that are not classified as current are non-current liabilities.

(i) It expects to settle the liability in its normal operating cycle;

(ii) It holds the liability primarily for the purpose of trading;

(iii) The liability is due to be settled within twelve months after the reporting date; or

(iv) The Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by issuing equity instruments do not affect its classification.

(5) Cash and cash equivalents

Cash comprises cash on hand, demand deposits and checking deposits. Cash equivalents are short-term and highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits which meet the above definition and held for the purpose of meeting short-term cash commitments rather than for investment or other purposes are classified as cash equivalents.

(6) Financial instruments

Trade receivables and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument. A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(i) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

On initial recognition, a financial asset is classified as measured at amortized cost; FVOCI – equity investment, or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

1) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and

- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at amortized cost, which is the amount at which the financial asset is measured at initial recognition, plus/minus, the cumulative amortization using the effective interest method, adjusted for any loss allowance. Interest income, foreign exchange gains and losses, as well as impairment, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

2) Fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost or FVOCI described as above are measured at FVTPL, including derivative financial asset. On initial recognition, the Company may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

3) Impairment of financial assets

The Company recognizes loss allowances for expected credit losses (ECL) on financial assets measured at amortized cost (including cash and cash equivalents, notes and accounts receivable, other receivables and other financial assets), debt investments measured at FVOCI and contract assets.

The Company measures loss allowances at an amount equal to lifetime ECL, except for the following which are measured as 12-month ECL:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for trade receivables and contract assets are always measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Company's historical experience and informed credit assessment as well as forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 90 days past due.

The Company considers a financial asset to be in default when the financial asset is more than 180 days past due or the debtor is unlikely to pay its credit obligations to the Company in full.

The Company considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade' "which is considered to be BBB- or higher per Standard & Poor's, Baa3 or higher per Moody's or twA or higher per Taiwan Ratings".

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

At each reporting date, the Company assesses whether financial assets carried at amortized cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For corporate customers, the Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

4) Derecognition of financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognized in its statement of balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

Debt and equity instruments issued by the Company are classified as financial liabilities or equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

2) Equity instrument

An equity instrument is any contract that evidences residual interests in the assets of an entity after deducting all of its liabilities. Equity instruments issued are recognized as the amount of consideration received less the direct cost of issuing.

3) Treasury shares

When shares recognized as equity are repurchased, the amount of the consideration paid, which includes directly attributable costs, is recognized as a deduction from equity. Repurchased shares are classified as treasury shares. When treasury shares are sold or reissued subsequently, the amount received is recognized as an increase in equity, and the resulting surplus or deficit on the transaction is recognized in capital surplus or retained earnings (if the capital surplus is not sufficient to be written down).

4) Compound financial instruments

Compound financial instruments issued by the Company comprise convertible bonds that can be converted to ordinary shares at the option of the holder, when the number of shares to be issued is fixed and does not vary with changes in fair value.

The liability component of a compound financial instrument is recognized initially at the fair value of a similar liability that does not have an equity conversion option. The equity component is recognized initially at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortized cost using the effective interest method. The equity component of a compound financial instrument is not remeasured.

Interest related to the financial liability is recognized in gain or loss. On conversion, the financial liability is reclassified to equity, and no gain or loss is recognized.

5) Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

6) Derecognition of financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount of a financial liability extinguished and the consideration paid is recognized in profit or loss.

7) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount presented in the statement of balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

(iii) Derivative financial instruments

Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognized in profit or loss.

(7) Inventories

Inventories are measured at the lower of cost or net realizable value. The cost of inventories is based on the weighted-average method and includes expenditure and other costs incurred in bringing them to their existing location and condition. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(8) Investment in subsidiaries

The Company's subsidiaries are accounted for using the equity method when preparing its parent-company-only financial statements. Under the equity method, profit, other comprehensive income and equity in the parent-company-only financial statements are equivalent to the profit, other comprehensive income and equity which are contributed to the owners of the parent in the consolidated financial statements.

Changes in the Company's ownership interests in subsidiaries that do not result in a loss of control over the subsidiaries are accounted for as equity transactions.

(9) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as major components of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

(iii) Depreciation

Depreciation is calculated on the cost of an asset less its residual value and is recognized in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment.

Land is not depreciated.

The estimated useful lives, for the current and comparative years, of significant items of property, plant and equipment are as follows:

1) Buildings: 4 to 60 years.

2) Machinery and equipment: 2 to 11 years.

3) Transportation Equipment: 4 to 7 years.

4) Other equipment: 3 to 11 years.

5) Buildings constitute mainly plant, buildings, mechanical and electrical power equipment, and related engineering, etc. Each constituent is depreciated based on its useful life, respectively.

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(10) Leases

(i) Identifying a lease

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(ii) As a lessee

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

– fixed payments, including in-substance fixed payments;

– variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

– amounts expected to be payable under a residual value guarantee; and

– payments for purchase or termination options that are reasonably certain to be exercised.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when:

– there is a change in future lease payments arising from the change in an index or rate; or

– there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee; or

– there is a change in the lease term resulting from a change of its assessment on whether it will exercise an option to purchase the underlying asset, or

– there is a change of its assessment on whether it will exercise an extension or termination option; or

– there is any lease modifications

When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Company accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize in profit or loss any gain or loss relating to the partial or full termination of the lease.

The Company presents right-of-use assets that do not meet the definition of investment and lease liabilities as a separate line item respectively in the statement of financial position.

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases and leases of low-value assets, including printer and staff dormitory. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

As a practical expedient, the Company elects not to assess whether all the rent concessions for all leased land occurring as a direct consequence of the COVID 19 pandemic are lease modifications or not.

In accordance with the practical expedient, the effect of the change in the lease liability is reflected in profit or loss in the period in which the event or condition that triggers the rent concession occurs.

(iii) As a lessor

When the Company acts as a lessor, it determines at lease commencement whether each lease is a finance lease or an operating lease. To classify each lease, the Company makes an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards of ownership incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then the lease is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

(11) Impairment of non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are companied together into the smallest Company of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or Cash Generating Units (CGUs).

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

For other non-financial assets (excluding goodwill), an impairment loss is reversed only to the extent that the asset’ s carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(12) Revenue from contracts with customers

(i) Sale of goods

The Company researches, develops, produces, manufactures and sells various chemical catalyst products, cobalt compound products and electronic components, as well as batteries. The Company recognizes revenue when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer’s acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Company has objective evidence that all criteria for acceptance have been satisfied.

A receivable is recognized when the goods are delivered as this is the point in time that the Company has a right to an amount of consideration that is unconditional.

(ii) Financing components

The Company does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Company does not adjust any of the transaction prices for the time value of money.

(13) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payments is available.

(ii) Defined benefit plans

The Company’s net obligation in respect of defined benefit plans is calculated separately for each the plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income, and accumulated in retained earnings. The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset). Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Company recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(iii) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

(14) Share based payment

The grant-date fair value of equity-settled share-based payment arrangements granted to employees is generally recognized as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognized is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

(15) Income tax

Income taxes comprise current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes shall be recognized in profit or loss.

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payables or receivables are the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reserve, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if the following criteria are met:

(i) the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and

(ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:

1) the same taxable entity; or

2) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Deferred tax assets are recognized for the deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realized; such reductions are reversed when the probability of future taxable profits improves.

(16) Earnings per share

The Company discloses the Company’s basic and diluted earnings per share attributable to ordinary shareholders of the Company. The calculation of basic earnings per share is based on the profit attributable to the ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding. The calculation of diluted earnings per share is based on the profit attributable to ordinary shareholders of the Company, divided by the weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares, such as convertible bonds payable and employee remuneration that could be distributed in share.

(17) Operating segment information

The Company has disclosed operating segment information in consolidated financial statements.

Hence, this information is not required to be disclosed in these parent-company-only financial statements.

5. Significant accounting assumptions and judgments, and major sources of estimation uncertainty

Management continues to monitor the accounting estimations and assumptions. Management recognizes any changes in the accounting estimations during the period in which the estimates are revised and in any future periods affected.

(1) The loss allowance of notes and accounts receivables

The Company has estimated the loss allowance of notes and accounts receivable that is based on the risk of a default occurring and the rate of expected credit loss. The Company has considered historical experience, current economic conditions and forward-looking information at the reporting date to determine the assumptions to be used in calculating the impairments and the selected inputs. Please refer to note 6(3) for the impairment evaluation of receivables.

(2) Valuation of Inventories

Inventories are stated at the lower of cost or net realizable value, and the Company uses judgments and estimates to determine the net realizable value of inventory for obsolescence and unmarketable items at the reporting date. It also writes down the cost of inventories to net realizable value. The net realizable value of the inventory is mainly determined based on the assumptions of the estimated demands of the products within a specific time horizon in the future, therefore, the above estimation may have a significant change. Please refer to note 6(4) for further description of the valuation of inventories.

Accounting policies and disclosures of the Company include the fair value measurement for financial or non-financial assets and liabilities. The Company determines the fair value using the independent data sources which reflect the current market condition and confirming the data available are independent, reliable, in consistent with other sources and represent the exercisable price. The Company also periodically assesses the evaluation model, performs retrospective tests, and updates inputs with any other necessary fair value adjustment for the evaluation model in order to ensure the reasonableness of the valuation.

The Company evaluates its assets and liabilities using the observable market inputs. The hierarchy of the fair value depends on the valuation techniques used, and the different levels have been defined as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs (other than quoted prices included within Level 1) that are observable for the assets or liabilities, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

Level 3: inputs for assets or liabilities that are not based on observable market data (unobservable inputs).

When there is a transfer between levels of the fair value hierarchy, the Company recognizes the transfer at the reporting date. For the assumptions used in fair value measurement, please refer to note 6(23) of the financial instruments.

6. Explanation of significant accounts

(1) Cash and cash equivalents

	December 31, 2022	December 31, 2021
Cash on hand	$ 35	35
Demand deposits and checking accounts	1,793,514	926,098
Time deposits	199,615	-
	$ 1,993,164	**926,133**

Please refer to note 6(23) for the disclosure of currency risk of the financial assets and liabilities.

(2) Financial assets and liabilities at fair value through profit or loss

	December 31, 2022	December 31, 2021
Financial assets－non-current:		
Call and put option－convertible bonds payable	**$ -**	**6,408**

Financial assets measured at fair value through profit or loss－current：

	December 31, 2022	December 31, 2021
Futures	**$ 51,655**	**-**

	December 31, 2022	December 31, 2021
Financial liabilities－non current：		
Call and put option－convertible bonds payable	**$ 2,482**	**-**

(i) The Company uses derivative financial instruments to hedge the price fluctuations risk of raw materials due to fluctuations in international metal market. As of December 31, 2021, the futures trading of the Company has been settled. As of December 31, 2022, the following derivative instruments, without the application of hedge accounting, were classified as mandatorily measured at fair value through profit or loss:

	Open Position			
	Buyer/Seller	**Amount (ton)**	**Transaction Price**	**Fair Value**
December 31, 2022	Seller	163	USD 40,345/ton ~USD57,761/ton	**$ 53,117**
December 31, 2022	Seller	12	USD 26,000/ton	**$ (1,462)**

The above-mentioned futures were traded at the period of September to December in 2022, and the settlement dates would be at the period from January to June in 2023, with net cash settlement.

Please refer to note 6(8) for details of the outstanding futures contract margin on December 31, 2022 and 2021.

(ii) Please refer to note 6(22) for The Group's net profit and loss (including realized and unrealized) generated from trading in derivative financial instruments in 2022 and 2021.

(3) Accounts receivable, net (including related parties)

(i) Accounts receivable, net (including related parties):

	December 31, 2022	December 31, 2021
Accounts receivable (including related parties)	$ 436,424	600,037

The Company applies the simplified approach to provide for its loss allowance used for ECL, which permit the use of lifetime expected loss provision for all receivables. To measure the ECL, trade receivables have been companied based on shared credit risk characteristics and the days past due, as well as incorporated forward looking information, including macroeconomic and relevant industry information. The loss allowance provision was determined as follows:

	December 31, 2022		
	Gross carrying amount	**Weighted-average loss rate**	**Loss allowance provision**
Current	$ 359,684	0%	-
1 to 90 days past due	74,289	0%	-
91 to 180 days past due	2,451	0%	-
More than 181 days past due	-	100%	-
	$ 436,424		**-**

	December 31, 2021		
	Gross carrying amount	**Weighted-average loss rate**	**Loss allowance provision**
Current	$ 588,965	0%	-
1 to 90 days past due	11,072	5%	-
91 to 180 days past due	-	20%	-
More than 181 days past due	-	100%	-
	$ 600,037		**-**

Other receivables – related parties are not included in the above receivables, please refer to note 7 for details.

(4) Inventories

	December 31, 2022	December 31, 2021
Raw materials	$ 906,089	1,000,241
Work in process	402,634	448,689
Finished goods and commodities	387,894	78,693
	$ 1,696,617	**1,527,623**

The components of operating costs were as follows:

	2022	2021
Cost of goods sold	$ 6,814,917	5,298,380
Inventory devaluation loss (reversal gain)	216,235	(21,000)
Gain from sale of scrap	(332)	(843)
	$ 7,030,820	**5,276,537**

As of December 31, 2022 and 2021, the Company's inventories were not pledged as collaterals.

(5) Changes in the Company's ownership interest in a subsidiary

(i) Acquisitions of Non-controlling interests (NCI)

In 2022 and 2021, the Company acquired additional shares from those employees that resigned from Uranus Chemicals for $435 and $5,021 in cash, respectively.

The effects of the changes in shareholdings were as follows:

	2022	2021
Carrying amount of NCI on acquisition	$ 435	4,968
Consideration paid to NCI	(435)	(5,021)
Capital surplus differences between consideration and carrying amounts of subsidiaries shareholding acquired	**$ -**	**(53)**

(ii) Issuance of new shares for cash by subsidiaries, not subscribed to proportionately, did not lose control

The Uranus Chemicals Co., Ltd. issued 6,250 thousand new shares in September, 2022, at a premium of $32 per share, amounting to $200,000, among which $86,458 were invested by non-controlling interests. The Company did not subscribe according to the shareholding ratio, resulting in an increase in capital surplus of $2,730.

The Uranus Chemicals Co., Ltd. issued 4,000 thousand new shares in May 2021, at a premium of $27 per share, amounting to $108,000, among which $14,968 were invested by non-controlling interests. The Company did not subscribe according to the shareholding ratio, resulting in a decrease in capital surplus of $4,287.

The Hengi Chemical Co., Ltd. issued 10,000 thousand new shares in February, 2021, at a premium of $35 per share, amounting to $350,000, among which $29,926 were invested by non-controlling interests. The Company did not subscribe according to the shareholding ratio, resulting in an increase in capital surplus of $3,041.

(iii) Change in shareholding ratio

Due to the above-mentioned transactions, the Company's ownership of Uranus Chemicals and Hengi Chemical were changed. As of December 31, 2022 and 2021, the Company's shareholding to Uranus Chemicals were 63.94% and 64.71%, respectively; and its shareholding to Hengi were both 82.44%.

(6) Investments accounted for using equity method

	December 31, 2022	December 31, 2021
Subsidiaries	$ 3,247,617	2,943,326

(i) Subsidiaries

Please refer to consolidated financial statements for the year ended December 31, 2022.

(ii) Share of profit of subsidiaries accounted for using equity method in 2022 and 2021 were as follows:

	2022	2021
Subsidiaries	$ 161,432	160,510

(iii) Information on major foreign currency equity investments on the reporting date were as follows:

	December 31, 2022			December 31, 2021		
	Foreign currency	Exchange rate	TWD	Foreign currency	Exchange rate	TWD
USD	$ 21,327	30.71	654,965	20,882	27.68	578,006

(7) Other current assets and other non-current assets

Other current assets:

		December 31, 2022	December 31, 2021
Offset against business tax payable and business tax receivables	$	124,669	82,042
Others		37,099	15,265
	$	**161,768**	**97,307**

Other non-current assets

		December 31, 2022	December 31, 2021
Prepaid equipment	$	**4,906**	**-**

(8) Other financial assets

Current:

		December 31, 2022	December 31, 2021
Margin on futures contracts	$	61,735	30,864
Others		85	528
	$	**61,820**	**31,392**

Non-current:

		December 31, 2022	December 31, 2021
Refundable deposits	$	3,201	3,796
Restricted deposits		100,000	100,000
	$	**103,201**	**103,796**

(9) Property, plant and equipment

		Land	Building	Machinery and equipment	Other equipment	Equipment pending acceptance and Construction in progress	Total
Cost:							
Balance at January 1, 2022	$	142,183	258,035	398,600	127,655	2,340	928,813
Additions		15,422	13,514	4,269	13,323	2,862	49,390
Disposals and scrap		-	-	(6,766)	(348)	-	(7,114)
Reclassification		-	-	-	-	(2,340)	(2,340)
Balance at December 31, 2022	$	**157,605**	**271,549**	**396,103**	**140,630**	**2,862**	**968,749**
Balance at January 1, 2021	$	130,864	239,714	375,079	120,512	7,552	873,721
Additions		11,319	15,698	32,352	11,008	-	70,377
Disposals and scrap		-	-	(9,561)	(3,865)	-	(13,426)
Reclassification and others		-	2,623	730	-	(5,212)	(1,859)
Balance at December 31, 2021	$	**142,183**	**258,035**	**398,600**	**127,655**	**2,340**	**928,813**
Accumulated depreciation and impairment losses:							
Balance at January 1, 2022	$	-	137,892	251,270	77,196	-	466,358
Depreciation for the period		-	13,760	38,825	12,677	-	65,262
Disposals and scrap		-	-	(6,766)	(348)	-	(7,114)
Balance at December 31, 2022	$	**-**	**151,652**	**283,329**	**89,525**	**-**	**524,506**
Balance at January 1, 2021	$	-	123,646	223,091	70,386	-	417,123
Depreciation for the period		-	14,246	37,740	10,675	-	62,661
Disposals and scrap		-	-	(9,561)	(3,865)	-	(13,426)
Balance at December 31, 2021	$	**-**	**137,892**	**251,270**	**77,196**	**-**	**466,358**
Carrying amounts:							
Balance at December 31, 2022	$	**157,605**	**119,897**	**112,774**	**51,105**	**2,862**	**444,243**
Balance at December 31, 2021	$	**142,183**	**120,143**	**147,330**	**50,459**	**2,340**	**462,455**
Balance at January 1, 2021	$	**130,864**	**116,068**	**151,988**	**50,126**	**7,552**	**456,598**

The property, plant and equipment of the Company pledged as collateral, please refer to note 8.

(10) Right-of-use assets

The Company leases many assets including land, buildings and transportation equipment. Information about leases for which the Company as a lessee was presented below:

		Land use right	Buildings	Transportation equipment and others	Total
Cost:					
Balance at January 1, 2022	$	46,533	17,402	13,219	77,154
Disposal/Write off		-	-	(5,220)	(5,220)
Balance at December 31, 2022	$	**46,533**	**17,402**	**7,999**	**71,934**
Balance at January 1, 2021	$	40,508	17,402	7,224	65,134
Additions		-	-	5,995	5,995
Reclassification		6,025	-	-	6,025
Balance at December 31, 2021	$	**46,533**	**17,402**	**13,219**	**77,154**
Accumulated depreciation:					
Balance at January 1, 2022	$	6,700	6,525	6,809	20,034
Depreciation for the year		5,854	2,175	2,624	10,653
Disposal/Write off		-	-	(5,220)	(5,220)
Balance at December 31, 2022	$	**12,554**	**8,700**	**4,213**	**25,467**
Balance at January 1, 2021	$	1,875	4,350	3,124	9,349
Depreciation for the year		4,825	2,175	3,685	10,685
Balance at December 31, 2021	$	**6,700**	**6,525**	**6,809**	**20,034**
Carrying amount:					
Balance at December 31, 2022	$	**33,979**	**8,702**	**3,786**	**46,467**
Balance at December 31, 2021	$	**39,833**	**10,877**	**6,410**	**57,120**
Balance at January 1, 2021	$	**38,633**	**13,052**	**4,100**	**55,785**

(11) Short-term notes and bills payable

		December 31, 2022	December 31, 2021
Commercial paper payable	$	**-**	**80,000**

As of December 31, 2021, the interest rate is 1.038%, and a maturity date of January 2022.

(12) Long-term/Short-term borrowings

(i) Short-term borrowings:

	December 31, 2022	December 31, 2021
Secured bank loans	$ 1,092,855	1,267,962
Unsecured bank loans	600,000	20,000
	$ 1,692,855	**1,287,962**
Unused short-term credit lines	**$ 4,549,745**	**2,192,038**
Range of interest rates	**1.49%~5.50%**	**0.82%~1.10%**

Please refer to note 6(23) for the disclosure of interest risk, currency risk and liquidity risk.

(ii) Long-term borrowings:

Lender	Use	Maturity year and Repayment	December 31, 2022	December 31, 2021
O-Bank	Working capital	From 2019 to 2026, repayable monthly in 49 equal instalments beginning in June, 2022.	128,566	150,000
Mega Bank	Working capital	From 2019 to 2026, repayable monthly in 49 equal instalments beginning in June, 2022.	214,286	250,000
Mega Bank	Loans for machinery and equipment	From 2020 to 2026, repayable monthly in 49 equal instalments beginning in June, 2022.	30,857	36,000
Less: Current portion of long-term borrowings			(106,785)	(62,291)
			$ 266,924	**373,709**
Unused long-term credit lines			**$ -**	**93,000**
Range of interest rates at year end			**0.68%~ 0.79%**	**0.05%~ 0.13%**

The Company signed a loan agreement with O-Bank and Mega Bank, agreeing with the covenants related to maintaining certain financial ratios. As of December 31, 2022 and 2021, the Company was in compliance with the loan covenants.

The collateral of long-term borrowings, please refer to note 8.

(13) Other payables and other current liabilities

Other payables and other current liabilities mainly include salary payable, bonus payable, equipment payable, environment examination and rectification fee payable and others.

(14) Convertible bonds

The Company issued the third domestic guaranteed convertible bond on October 28, 2021, by pledging 40,000 thousand ordinary shares of Hengi Chemical, 30,000 thousand ordinary shares of Uranus Chemicals Co., Ltd., and a demand deposit amount of $100,000 to Chang Hwa Commercial Bank Co., Ltd., and Chang Hwa Commercial Bank Co., Ltd. was the guarantor.

The relevant information of the Company's convertible corporate bonds is as follows:

	December 31, 2022	December 31, 2021
Total proceeds from convertible corporate bonds issued	$ 700,000	700,000
Less: issued corporate bonds discount	(17,060)	(21,472)
Corporate bonds payable balance at year-end	**$ 682,940**	**678,528**
Embedded derivative – call and put options(recorded in financial assets (liabilities) at FVTPL－non-current)	**$ (2,482)**	**6,408**

	2022	2021
Interest expense	**$ 4,412**	**783**

The Company's third domestic guaranteed convertible corporate bonds are five year guaranteed convertible bonds with zero coupon rate, each with value of $100, amounting to $700,000. The conversion price on December 31, 2022 and 2021 were $106.1 and $108.5, respectively.

The date on which the above-mentioned convertible corporate bonds are issued for three years (October 28, 2024) shall be the base date for the holders of convertible corporate bonds to sell them back in advance.

The Company has separately recognized its rights and liabilities of the above-mentioned convertible bonds upon issuance. The details are as follows:

Item	Amount
Total amounts of convertible corporate bonds issued (deducting cost of issuing)	$ 808,056
Fair value of embedded non-equity derivative issued	6,408
Fair value of bonds payable issued	(677,745)
Equity component – conversion options	**$ 136,719**

After the separation of the above-mentioned embedded derivatives, the effective interest rate of the third domestic guaranteed convertible bond was 0.65%.

(15) Lease liabilities

The Company's lease liabilities were as follow:

	December 31, 2022	December 31, 2021
Current	$ **9,482**	**10,304**
Non-current	$ **38,339**	**47,821**

For the maturity analysis, please refer to note 6(23).

The amounts recognized in profit or loss were as follows:

	2022	2021
Interest on lease liabilities	$ **1,241**	**1,477**
Expenses relating to short-term leases and leases of low-value assets	$ **1,811**	**698**

The amounts recognized in the statement of cash flows by the Company were as follows:

	2022	2021
Total cash outflow for leases	$ **13,356**	**13,334**

(i) Leased land and buildings

As of December 31, 2022 and 2021, the Company has leased land and buildings for a period of 6 to 10, 2 to 10 years, respectively. Some leases include an option to renew the lease for an additional period of the same duration after the end of the contract term.

(ii) Other leases

The Company leases vehicles and others, with lease terms of 1 to 5 years. In some cases, the Company has options to purchase the assets at the end of the contract term.

The Company also leases printers and staff dormitory with contract terms of 1 to 2 years. These leases are short-term and leases of low-value items. The Company has elected not to recognize right-of-use assets and lease liabilities for these leases.

(16) Employee benefits

(i) Defined benefit plans

The present value of the defined benefit obligation and the fair value adjustments of the plan assets for the Company were as follow:

	December 31, 2022	December 31, 2021
Present value of the defined benefit obligation	$ 12,800	14,316
Fair value of plan assets	(6,109)	(7,640)
Net defined benefit liabilities	$ **6,691**	**6,676**

The Company established defined benefit plans by contributed to the pension fund account at Bank of Taiwan that provides pensions for employees upon retirement. The plans (covered by the Labor Standards Law) entitle a retired employee to receive an annual payment based on years of service and average salary for the six months prior to retirement.

1) Composition of plan assets

The Company allocate pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, and such funds are managed by the Bureau of Labor Fund, Ministry of Labor. Minimum earnings shall be no less than the earnings attainable from two-year time deposits with interest rates offered by local banks.

The Company Bank of Taiwan labor pension reserve account balance amounting to $6,109 at December 31, 2022. For information on the utilization of the labor pension fund assets including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Fund.

2) Movements in present value of defined benefit obligation

The movements in present value of the defined benefit obligation for the Company were as follows:

	2022	2021
Defined benefit obligation at January 1	$ 14,316	21,302
Current service cost and interest	138	206
Benefits paid from plan assets	(2,495)	(8,486)
Remeasurements of the net defined benefit liabilities	841	1,294
Defined benefit obligation as of December 31	**$ 12,800**	**14,316**

3) Movements in the fair value of the defined benefit plan assets

The movements in the fair value of the defined benefit plan assets of the Company were as follows:

	2022	2021
Fair value of plan assets at January 1	$ 7,640	15,864
Interest income	50	119
Benefits paid from plan assets	(2,495)	(8,486)
Return on plan assets (loss)	914	143
Fair value of plan assets at December 31	**$ 6,109**	**7,640**

4) Expenses recognized in profit or loss

The expenses recognized in profit or losses for the Company were as follows:

	2022	2021
Current service cost	$ 45	46
Net interest on the net defined benefit liabilities	44	41
	$ 89	**87**

5) Remeasurements of the net defined benefit liabilities recognized in other comprehensive income

The Company's remeasurements of the net defined benefit liabilities recognized as accumulated in other comprehensive income were as follows:

	2022	2021
Cumulative amount at January 1	$ (5,985)	(4,835)
Recognized in profit (losses) for the period	(74)	(1,150)
Cumulative amount as of December 31	**$ (6,059)**	**(5,985)**

6) Actuarial assumptions

The principal actuarial assumptions at the reporting date were as follow:

	December 31, 2022	December 31, 2021
Discount rate	1.25%	0.65%
Future salary increase rate	3%	3%

The Company is expecting a contribution of $0 to its defined benefit plans in the following year, beginning December 31, 2022.

The weighted-average lifetime of the defined benefit plan is 11.6 years.

7) Sensitivity analysis

The carrying amount of the Company's net defined benefit assets was $6,691 as of December 31, 2022. When the employee's unpaid salary growth rate is changed by 1%, it is estimated that the accrued pension liabilities recognized by the Company would increase by $803 or decrease by $705, respectively.

(ii) Defined contribution plans

In accordance with the provisions of the Labor Pension Act, the Company should contribute 6% of its employees' monthly wages to their labor pension personal accounts of the Bureau of Labor Insurance, Ministry of Labor (hereinafter referred to as the Bureau of Labor Insurance). Under this defined contribution plan, the Company contribute a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligations.

The Company’s pension costs under the defined contribution plan were $6,200 and $4,914 for the years ended December 31, 2022 and 2021, respectively.

(17) Income tax

(i) Income tax expense

		2022	2021
Current tax expense			
Current period	$	162,885	85,601
Adjustment for prior periods		832	(857)
		163,717	84,744
Deferred tax expense			
Origination and reversal of temporary differences		(19,164)	25,618
Income tax expense	$	**144,553**	**110,362**

The amount of income tax expense (benefit) recognized in other comprehensive income were as follows:

		2022	2021
Exchange differences on translation of foreign financial statements	$	**4,381**	**(4,443)**

The reconciliation of income tax expenses and income before income tax were as follows:

		2022	2021
Income before income tax	$	637,713	573,292
Income tax at the Company’s domestic tax rate		127,543	114,659
Permanent difference and others		12,692	(4,381)
Undistributed earnings additional tax		3,486	941
Change in provision in prior periods		832	(857)
Total	$	**144,553**	**110,362**

B. Recognized deferred tax assets and liabilities

Deferred tax assets		January 1, 2021	Recognized in income statement	Recognized in other comprehensive income	December 31, 2021	Recognized in income statement	Recognized in other comprehensive income	December 31, 2022
Exchange differences on translation of foreign financial statements	$	5,046	-	(4,443)	9,489	-	4,381	5,108
Inventory devaluation loss		8,862	4,200	-	4,662	(43,248)	-	47,910
Pension not actually contributed		710	(17)	-	727	(18)	-	745
Impairment loss		1,485	322	-	1,163	287	-	876
Others		1,885	(2,359)	-	4,244	(3,095)	-	7,339
	$	**17,988**	**2,146**	**(4,443)**	**20,285**	**(46,074)**	**4,381**	**61,978**

Deferred tax liabilities		January 1, 2021	Recognized in income statement	Recognized in other comprehensive income	December 31, 2021	Recognized in income statement	Recognized in other comprehensive income	December 31, 2022
Investment income recognized under equity method	$	27,878	23,160	-	51,038	10,998	-	62,036
Others		1,376	312	-	1,688	15,912	-	17,600
	$	**29,254**	**23,472**	**-**	**52,726**	**26,910**	**-**	**79,636**

C. The Company's income tax returns for the years through 2020 were assessed by the tax authority.

(18) Capital and other equity

(i) Issuance of ordinary shares

In the fourth quarter of 2021, the Company issued 4,000 thousand new shares for cash at a premium price of $90 per share, totaling $360,000.The difference between the denomination and the issuance price after deducting the issuance cost of $1,000, amounted to $319,000, which is listed as Capital surplus—premium, and the relevant statutory registration procedures have been completed.

In the fourth quarter of 2020, the Company's Board of Directors resolved to issued 10,000 thousand new shares for cash at a premium price of $50 per share, totaling $500,000. The difference between the denomination and the issuance price after deducting the issuance cost of $1,150, amounted to $398,850, which is listed as Capital surplus— premium, and the relevant statutory registration procedures have been completed in 2021.

In 2021, the Company recognized the share-based cost of the above-mentioned cash capital increase reserved for employees to subscribe for shares amounting to $19,085.

As of December 31, 2022 and 2021, the authorized capital of the Company both amounted to $1,200,000; the issued capital amounted to $1,070,293 on both years. With par value at $10 per share

Reconciliations of shares outstanding to the Company were as follows (in thousands of shares):

	Ordinary Shares	
	2022	**2021**
Balance at January 1	105,604	91,004
Issued for cash	-	14,000
Transferred treasury shares	-	600
Balance at December 31	**105,604**	**105,604**

(ii) Capital surplus

		December 31, 2022	December 31, 2021
Additional paid-in capital	$	1,981,318	1,981,318
Difference between consideration and carrying amount arising from acquisition or disposal of subsidiaries shareholdings		320,617	320,617
Treasury share transaction		171,324	89,643
Share options and others		200,156	194,089
	$	**2,673,415**	**2,585,667**

According to the R.O.C. Company Act, capital surplus can only be used to offset a deficit, and only the realized capital surplus can be used to increase the ordinary share or be distributed as cash dividends. The aforementioned realized capital surplus includes capital surplus resulting from premium on issuance of capital share and earnings from donated assets received. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, capital increases by transferring capital surplus should not exceed 10% of the total ordinary share outstanding.

(iii) Retained earnings

1) Legal reserve

When a company incurs no loss, it may, pursuant to a resolution by a shareholders' meeting, distribute its legal reserve by issuing new shares or by distributing cash, and only the portion of legal reserve which exceeds 25% of capital may be distributed.

2) Special reserve

By choosing to apply exemptions granted under IFRS 1 during the Company's first-time adoption of the IFRSs endorsed by the FSC, cumulative translation adjustments under shareholders' equity shall be reclassified as retained earnings at the transition date. The increase in retained earnings occurring before the transition date due to the first-time adoption of the IFRSs endorsed by the FSC amounted to $20,277. The net increase in retained earnings resulting from the first application of IFRS1 on the transition date was $16,830. In accordance with rules issued by the FSC, a net increase in retained earnings due to the first-time adoption of the IFRSs endorsed by the FSC shall be reclassified as a special reserve during earnings distribution, and when the relevant asset is used, disposed of, or reclassified, this special reserve shall be reversed as distributable earnings proportionately. There was no carrying and reversing in 2022 and 2021.

In accordance with the guidelines of the above Ruling, a portion of current period earnings and undistributed prior period earnings shall be reclassified as a special reserve during earnings distribution. The amount to be reclassified should be equal to the difference between the total net current period reduction of special reserve resulting from the first-time adoption of the IFRSs endorsed by the FSC and the carrying amount of other shareholders' equity as stated above. Similarly, a portion of undistributed prior period earnings shall be reclassified as a special reserve (which does not qualify for earnings distribution) to account for cumulative changes to other shareholders' equity pertaining to prior periods due to the first-time adoption of the IFRSs endorsed by the FSC. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions.

3) Earnings distribution

According to the Company's articles of incorporation, in years of earnings, pay income tax, offset any accumulated deficit. Thereafter, a 10% appropriation of the remaining amount shall be set aside for legal reserve, unless the amount in the legal reserve is already equal to or greater than the total paid in capital. Thereafter, an amount shall be set aside or reversed as a special reserve in accordance with related laws, regulations, or provisions of the competent authorities. Distribution of the remaining earnings after setting aside the abovementioned amounts, together with the balance of the unappropriated retained earnings of the previous year, shall be proposed by the Board of Directors to be approved at the shareholders' meeting.

As the Company is still in its growth stage, capital is needed to expand its production lines and to increase its investment in the coming years. Recently, the Company has been developing steadily based on its capital expenditure, business expansion, and appropriate financial planning. The Company will allot more than 10% of its distributable earnings above as dividends to its shareholders. However, if the distributable earnings are less than 30% of the paid-in capital, then no dividend shall be distributed. If the Company simultaneously distributes stock dividends and cash dividends, the cash dividends should not be less than 20% of the total dividend payout to its shareholders.

The following are the appropriation of earnings in last two years which were proposed by the Board of Directors on March 1, 2023 and approved during the shareholders' meeting held on May 27, 2022 respectively:

	2022		2021	
	Amount per share (TWD)	**Total amount**	**Amount per share (TWD)**	**Total amount**
Dividends distributed to ordinary shareholders:				
Cash	**3.0**	**$ 316,813**	**3.0**	**316,813**

The appropriation of retained earnings for 2021 is consistent with the resolutions proposed by the Board of Directors. The appropriation of earnings distribution for 2022 will be presented for resolution in annual shareholders' meeting. The related information will be available on the Market Observation Post System on the website after the meeting.

(iv) Treasury stock

The Company repurchased treasury shares in accordance with the relevant provisions of the Securities and Exchange Law to transfer the shares to employees. The relevant information is as follows:

2022				
Reason for holding shares	**Number of shares at the beginning of the period**	**Increased in this period**	**Transferred in this period**	**Number of shares at the end of the period**
Transferred shares to employees	1,425	-	-	1,425

2021				
Reason for holding shares	**Number of shares at the beginning of the period**	**Increased in this period**	**Transferred in this period**	**Number of shares at the end of the period**
Transferred shares to employees	2,025	-	600	1,425

In accordance with the requirements of Securities and Exchange Act, treasury shares held by the Company should not be pledged, and do not hold any shareholder rights before the transfer. Shares of the Company held by its subsidiaries are accounted for as treasury shares, which are not allowed in participating in the Company's capital increase and without voting rights, except that, other right is the same as the general shareholders' rights.

In November 2021, the Company transferred treasury shares to the employees of the Company and the employees of the subsidiary company with 166 thousand shares and 434 thousand shares, respectively. The amount received for the aforesaid transfer was $53,837. Therefore, the recognized share-based compensation cost was $4,731, and the investment using the equity method increased by $12,369.

Uranus Chemicals holds 1,213 thousand and 2,363 thousand ordinary shares of the Company, with the acquisition price of $9,034 and $17,595, respectively. As of December 31, 2022 and 2021, the amount of deemed treasury shares the Company recognized was $5,776 and $11,386, respectively, which was determined based on the Company's shareholding ratio in Uranus Chemicals of 63.94% and 64.71%, respectively.

Uranus Chemicals Co., Ltd. sold part of the Company's shares in 2022 and 2021, at a price totaling $152,767 and $91,782, respectively. Because the deal was deemed as the treasury stock transaction, according to the Company's shareholding ratio, the difference between the sale price and the cost of the treasury stock was adjusted to the capital surplus amounting to $78,367 and $70,101, respectively.

(19) Earnings per share

	2022	2021
Basic earnings per share:		
Net income attributable to ordinary shareholders of the Company	$ 493,160	462,930
Ordinary shares at January 1	107,029	93,029
Repurchase treasury shares	(1,425)	(1,953)
Shares held by subsidiaries	(1,213)	(1,797)
Issued for cash	-	9,858
Weighted-average number of ordinary shares outstanding during the year (in thousands of shares)	104,391	99,137
Basic earnings per share (TWD)	$ 4.72	4.67
Diluted earnings per share:		
Net income attributable to ordinary shareholders of the Company (basic)	$ 493,160	462,930
Interest expense on convertible bonds, net of tax	3,530	626
Net income attributable to ordinary shareholders of the Company (diluted)	$ 496,690	463,556
Weighted average number of ordinary shares outstanding (in thousands) (basic)	104,391	99,137
Potential ordinary shares with dilutive effect:		
Effect of employee remuneration in share	124	73
Effect of conversion of convertible bonds	6,598	1,149
Weighted average number of ordinary shares outstanding (in thousands) (diluted)	111,113	100,359
Diluted earnings per share (TWD)	$ 4.47	4.62

(20) Revenue from contracts with customers

Revenue from major markets region and products:

	2022				
	Oxidation catalyst department	Battery material department	Specialty chemical department	Other	Total
Taiwan	$ 902,096	5,367,913	746,208	599,781	7,615,998

	2021				
	Oxidation catalyst department	Battery material department	Specialty chemical department	Other	Total
Taiwan	$ 609,693	4,068,673	524,804	683,831	5,887,001

(21) Remuneration to employees, directors and supervisors

The Company's articles of incorporation require that earnings shall first be offset against any deficit, then, a minimum of 1.5% will be distributed as employee remuneration, and a maximum of 5% will be allocated as remuneration to directors and supervisors. Employees who are entitled to receive the above-mentioned employee remuneration, in share or cash, include the employees of the Company's subsidiaries who meet certain specific requirements.

For the years ended December 31, 2022 and 2021, the Company accrued and recognized its employee remuneration amounting to $10,500 and $8,800, respectively. These amounts were calculated by using the Company's pre-tax net profit for the period before deducting the amounts of the remuneration to employees, multiplied by the distribution of ratio of the remuneration to employees based on the Company's articles of incorporation, and expensed under operating costs or expenses. If there would be any changes after the reporting date, the changes shall be accounted for as changes in accounting estimates and recognized as profit or lost in the following year. If, however, the shareholders determine that the employee remuneration is to be distributed through share, the number of shares to be distributed shall be calculated using the stock price on the day before the shareholders' meeting.

For the year ended December 31, 2021, the Company estimated its employee remuneration and directors' remuneration at $8,800 and $0, respectively. There were no differences between the estimated and the actual amounts of employee and directors' remuneration. Related information would be available at the Market Observation Post System website.

(22) Non-operating income and expenses

(i) Other gains and losses, net

	2022	2021
Claim income	$ -	3
Rental income	667	1,089
Others	1,403	2,525
	$ 2,070	**3,617**

(ii) Other gains and losses, net

	2022	2021
Gain (Loss) on valuation of financial assets and liabilities at FVTPL	$ 53,787	(5,052)
Others	43	(396)
	$ 53,830	**(5,448)**

(iii) Finance costs

		2022	2021
Interest expense – borrowings	$	32,792	12,785
Interest expense – lease liabilities		1,241	1,477
Interest expense – convertible bonds payable		4,412	(783)
	$	**38,445**	**15,045**

(iv) Interest income

		2022	2021
Interest income from bank deposits	$	6,552	221
Interest income from others		34	196
	$	**6,586**	**417**

(23) Financial instruments

(i) Credit risk

1) Credit risk exposure

The carrying amount of financial assets and contract assets represent the maximum credit exposure.

2) Concentration of credit risk

The customers of the Company are concentrated on customer base of oxidation catalyst, power battery materials, chemical fertilizers and special chemicals. The Company limits its exposure to credit risk from accounts receivables by continuously evaluates the debt collectability and provides adequate reserves for loss allowance, if necessary. As of December 31, 2022 and 2021, there were 6 and 3 major customers, which represented 58% and 60% of the accounts receivable, respectively. Thus, credit risk is significantly concentrated.

3) Credit risk of receivables and debt securities

For credit risk exposure of note and trade receivables, please refer to note 6(3). Other financial assets at amortized cost include other receivables from related parties and other financial assets. There are no impairment losses recognized for the years ended December 31, 2022 and 2021.

All of these financial assets are considered to have low risk, and thus, the loss allowance recognized during the period was limited to 12 months expected losses. Regarding how the financial instruments are considered to have low credit risk, please refer to note 4(6).

(ii) Liquidity risk

The following are the contractual maturities of financial liabilities, (including interest payments):

	Carrying amount	Contractual cash flow	Within 6 months	6 to 12 months	1 to 2 years	Above 2 years
December 31, 2022						
Non-derivative financial liabilities						
Short-term borrowings	$ 1,692,855	1,703,807	1,703,807	-	-	-
Notes and accounts payable (including related parties)	87,364	87,364	87,364	-	-	-
Payable on machinery and equipment	3,873	3,873	3,873	-	-	-
Long-term borrowing (including current portion of long-term borrowings)	373,709	377,662	54,425	54,273	108,074	160,890
Lease liabilities (including current and non-current)	47,821	51,544	5,330	5,178	9,935	31,101
Convertible bonds payable	682,940	700,000				700,000
	$ 2,888,562	2,924,250	1,854,799	59,451	118,009	891,991
December 31, 2021						
Non-derivative financial liabilities						
Short-term notes and bills payable	$ 80,000	80,000	80,000	-	-	-
Short-term borrowings	1,287,962	1,292,160	1,292,160	-	-	-
Notes and accounts payable (including related parties)	118,205	118,205	118,205	-	-	-
Deposit received	524	524	-	-	-	524
Payable on machinery and equipment	11,122	11,122	11,122	-	-	-
Long-term borrowing (including current portion)	436,000	439,471	9,593	54,037	107,819	268,022
Lease liabilities (including current and non-current)	58,125	63,088	5,928	5,618	10,506	41,036
Convertible bonds payable	678,578	700,000	-	-	-	700,000
	$ 2,670,516	2,704,570	1,517,008	59,655	118,325	1,009,582

The Company does not expect that the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amounts.

(iii) Currency risk

1) Exposure to currency risk

The Company’s financial assets and liabilities exposed to exchange rate risk were as follows:

	December 31, 2022		
	Foreign currency	Exchange rate	TWD
Financial Assets			
Monetary items			
USD	$ 72,689	30.71	2,232,279
Financial Liabilities			
Monetary items			
USD	33,438	30.71	1,026,881

	December 31, 2021		
	Foreign currency	**Exchange rate**	**TWD**
Financial Assets			
Monetary items			
USD	$ 77,028	27.68	2,132,134
Financial Liabilities			
Monetary items			
USD	47,339	27.68	1,310,338

2) Sensitivity analysis

The Company's exposure to foreign current risk arises from the translation of cash and cash equivalents, receivables, short-term borrowing, accounts payable, and other payables, that are primarily denominated in USD. Assuming all other variable factors remain constant, a strengthening (weakening) of $1 of the TWD against USD, would have increased (decreased) the net income $31,401 and $23,751, respectively for the years ended December 31, 2022 and 2021.

3) Exchange gains and losses of monetary items

The information on foreign exchange gain (loss) on monetary items. For years 2022 and 2021, foreign exchange gain (loss) (including realized and unrealized portions) amounted to $118,526 and $2,471, respectively.

(iv) Interest rate analysis

The Company’s interest rate exposure regarding its financial assets and liabilities has been disclosed in the note of financial risk management.

The following sensitivity analysis is based on the exposure to interest rate risk of the derivative and non-derivative instruments on the reporting date. For variable rate instruments, the sensitivity analysis assumes the variable rate liabilities are outstanding for the whole year on the reporting date. The exposure to changes in interest rates (assuming all other variables remain constant) would have influenced the net income for the years ended December 31, 2022 and 2021, as illustrated below:

	Range of the fluctuations	**2022**	**2021**
Annual interest rate	Increase of 1%	**$ (16,533)**	**(13,792)**
	Decrease of 1%	**$ 16,533**	**13,792**

(v) Fair value of financial instruments

1) Fair value hierarchy

The fair value of financial assets and liabilities at fair value through profit or loss is measured on a recurring basis. The carrying amount and fair value of the Group's financial assets and liabilities, including the information on fair value hierarchy were as follows; however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and lease liabilities, disclosure of fair value information is not required:

	December 31, 2022				
		Fair Value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL	$ 51,655	51,655	-	-	51,655
Financial liabilities at FVTPL	$ 2,482	-	2,482	-	2,482
Convertible bonds payable	$ 682,940	812,000	-	-	812,000

	December 31, 2021				
		Fair Value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL	$ 6,408	-	6,408	-	6,408
Convertible bonds payable	$ 678,528	1,060,500	-	-	1,060,500

2) Valuation techniques for financial instruments not measured at fair value

The Company's valuation techniques and assumptions used for financial instruments not measured at fair value are as follows:

Financial assets and financial liabilities measured at amortized cost. If there is quoted price generated by transactions, the recent transaction price and quoted price data is used as the basis for fair value measurement. However, if no quoted prices are available, the discounted cash flows are used to estimate fair values.

3) Valuation techniques for financial instruments that are measured at fair value

The right-of-call or put option that embedded in derivative is measured by using the appropriate option pricing models.

There is no transfer between the levels for the years ended 2022 and 2021.

(24) Financial risk management

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and process for measuring and managing risk. Further quantitative disclosures are included throughout the relevant footnotes of the parent-company-only financial statements.

(i) Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework.

The Company’s risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company’s activities.

The financial management department provides services for each business, coordinating access to domestic and international financial market operations, monitors and manages the financial risks associated with the operations of the Company by analyzing the internal risk report on risk based on the degree and extent of the risk. The risk including credit risk, liquidity risk and market risk. The market risk which including currency risk, rate risk, and other market price risk.

(ii) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company deposits its cash and cash equivalents with reputable banks; thus, the credit risk is low.

The Company’s exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, the management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry and country in which customers operate. The Company limits its exposure to credit risk by establishing a dedicated team that is responsible for customer’s credit assessment and approval, limit and monitoring procedures. This is to ensure that appropriate actions are taken for the recoverability of overdue receivables. In addition, the Company will review the recoverable amount of the receivables individually at each reporting date so that impairment losses are appropriately provided for those irrecoverable receivables.

The Company’s policy is to provide financial guarantees only to wholly owned subsidiaries. There is no endorsement guarantee to entity other than subsidiary on December 31, 2022 and 2021.

(iii) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it always has sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company manages and maintains sufficient cash and cash equivalents so as to cope with its operations and mitigate the effects of fluctuations in cash flows. The Company's management supervises the banking facilities and ensures compliance with the terms of loan agreements.

(iv) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, and equity prices, will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

1) Currency risk

The Company is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of the Company's entities, primarily the USD.

Interest in borrowing is denominated with the same currency of borrowing principal. Generally, the denominated currency of borrowing is the same with the Company's cash flow generated from operation, primarily in TWD, but also USD. Under these circumstances, the natural economic hedge exists without using derivative instrument.

In respect of other monetary assets and liabilities denominated in foreign currencies, the Company ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

2) Interest rate risk

The Company's short-term and long-term borrowings are carried in variable interest rates. Therefore, the fluctuation of market rate will make the effective interest rate of short-term and long-term borrowings changed accordingly which resulted fluctuation in future cash flows.

(25) Capital management

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios to support its business and maximize shareholder's value.

The Company's industry is volatile, capital and technology-intensive industries, and the Company's life cycle is in a stable growth stage of operation. The remaining dividend policy must be adopted at this stage with funds to retain the surplus in response to operational growth and investment needs. The cash dividend distributed by the shareholder bonus shall not be less than 20% of the total distribution.

The top management of the Company re-examines the capital structure every six months, and its review includes consideration of the cost of each category of capital and related risks. Based on the recommendations of the top management, the Company will balance its overall capital structure by paying dividends, issuing new shares, buying back shares and issuing new debts or repaying old debts.

As of December 31, 2022, the way in which the Company's capital management was managed has not changed.

The debt-to-equity ratio at the reporting date is as follows:

		December 31, 2022	December 31, 2021
Total liabilities	$	3,564,481	2,967,529
Less: cash and cash equivalents		(1,993,164)	(926,133)
Net debt	**$**	**1,571,317**	**2,041,396**
Total equity	**$**	**4,998,297**	**4,720,996**
Debt-to-equity ratio		**31.44%**	**43.24%**

(26) Financing activities not affecting current cash flow

Reconciliation of liabilities arising from financing activities were as follows:

				Non-cash changes		
		January 1, 2022	**Cash flows**	**Additions**	**Foreign exchange movement and others**	**December 31, 2022**
Deposit received	$	524	(524)	-	-	-
Short-term notes and bills payable	$	80,000	(80,000)	-	-	-
Short-term borrowings	$	1,287,962	407,881	-	(2,988)	1,692,855
Long-term borrowings (including current portion)	$	436,000	(62,291)	-	-	373,709
Lease liabilities (including current and non-current)	$	58,125	(10,304)	-	-	47,821
Convertible bonds payable	$	678,528	-	-	4,412	682,940

	January 1, 2021	Cash flows	Non-cash changes: Additions	Non-cash changes: Foreign exchange movement and others	December 31, 2021
Deposit received	$ 524	-	-	-	524
Short-term notes and bills payable	$ 80,000	-	-	-	80,000
Short-term borrowings	$ 902,260	392,764	-	(7,062)	1,287,962
Long-term borrowings (including current portion)	$ 436,000	-	-	-	436,000
Lease liabilities (including current and non-current)	$ 63,289	(11,159)	5,995	-	58,125
Convertible bonds payable	$ -	808,056	-	(129,528)	678,528

7. Related-party transactions

(1) Names and relationship with related parties

Name of related party	Relationship with the Company
Coremax (BVI) Corporation	The subsidiary of the Company
Coremax (Thailand) Co., Ltd.	The subsidiary of the Company
Uranus Chemicals Co., Ltd.	The subsidiary of the Company
Hengi Chemical Co., Ltd.	The subsidiary of the Company
Coremax Zhuhai Chemical Co., Ltd.	The subsidiary of the Company (Note 1)
Coremax Ningbo Chemical Co., Ltd.	The subsidiary of the Company
Coremax (Zhangzhou) Chemical Co., Ltd.	The subsidiary of the Company
Jiangxi Tianjiang Materials Co., Ltd.	The subsidiary of the Company

Note 1: Coremax Zhuhai Chemical Co., Ltd., the subsidiary, has sold to third party in July, 2021.

(2) Significant related-party transactions

(i) Operating revenue

	2022	2021
Subsidiaries	$ 406,599	570,818

The selling prices for sales to related parties and collection period were similar to those for unrelated customers.

As of December 31, 2022 and 2021, the unrealized profit or loss from sales with the investees under equity method amounted to $0 and $11,540, respectively, which were deducted from the investments accounted for using the equity method.

(ii) Purchase

		2022	2021
Subsidiaries	$	43,718	75,784

The terms and pricing of purchase transactions with related parties were not significantly different from those offered by other vendors.

(iii) Accounts receivable from related parties

The receivable from related party was as follows:

		December 31, 2021	December 31, 2021
Subsidiaries	$	130,538	72,677

(iv) Accounts payable to related parties

The payables to related parties were as follows:

Related Party Categories		December 31, 2022	December 31, 2021
Subsidiaries	$	2,005	20,653

(v) Service revenue

For the years 2022 and 2021, revenues of the Company incurred due to the departmental support by subsidiaries amounted to $0 and $1,107, respectively.

(vi) Processing charges

For the years 2022 and 2021, expenses of the Company incurred due to the processing by subsidiaries amounted to $150,369 and $16,027, respectively.

(vii) Endorsement guarantee

As of December 31, 2022 and 2021, the Company’ s endorsement guarantee provided to subsidiaries amounted to $192,130 and $283,040, respectively.

(viii) Rental

(a) Rental income and imputed interest

The Company enters into a lease agreement with its subsidiaries. The rental income recognized in years 2022 and 2021 were $324 and $1,085, respectively. The imputed interest recognized in years 2022 and 2021 were $18 and $20, respectively.

(b) Utilities, fuel fee and others

The Company rented land and factories, etc. from subsidiaries, the amount paid for related expenses in years 2022 and 2021 were $15,478 and $17,673, respectively.

(c) The Company rented land and offices from subsidiaries. For the years 2022 and 2021, the Company recognized the amount of $1,192 and $1,379 as interest expense, respectively. As of December 31, 2022 and 2021, the balance of lease liabilities amounted to $44,000 and $51,659, respectively.

(d) For the year ended December 31, 2022 and 2021, the amount paid by the Company to its subsidiaries for rent expenses incurred under the staff dormitory lease agreement was $72.

(e) In the third quarter of 2020, the Company leased its land and factories from a subsidiary, Hengi Chemical; thereafter, sub-leases them out to another subsidiary, Uranus Chemicals, under finance leases. The net book value of the right-of-use assets of $7,548 had been written-off on the starting date, resulting in the non-current lease receivable and sub-lease income of $8,130 and $391. The transaction above was terminated early in August 2011, wherein the right-of-use asset and the sublease loss were recognized amounting to $6,025 and $117, respectively.

The amount paid by the Company and its related parties for receivable (payable) due from (to) related parties incurred under the rent expenses, interest income and other transactions, etc. were as follows:

Other receivables due from related parties

	December 31, 2022	December 31, 2021
Subsidiaries	$ 933	1,575

Accounts payable due to related parties

	December 31, 2022	December 31, 2021
Subsidiaries	$ 52,121	21,230

(3) Transactions with key management personnel

Key management personnel remuneration comprised:

	2022	2021
Short-term employee benefits	$ 21,791	14,611
Post-employment benefits	135	221
	$ 21,926	14,832

8. Pledged assets

Except for notes 6(14), the carrying amount of the Company's pledged assets are as follows:

Assets	Purpose of pledge	December 31, 2022	December 31, 2021
Land	Long-term borrowings and obtaining credit limit for short-term borrowings	$ 130,864	130,864
Buildings	Long-term borrowings and obtaining credit limit for short-term borrowings	33,562	38,908
Restricted deposit (recorded in other financial assets－non-current)	Create a pledge of convertible bonds payable	100,000	100,000
		$ 264,426	**269,772**

9. Commitments and contingencies

Except for the note 6(12), the remaining statements were as follow:

(1) As of December 31, 2022, and 2021, the Company had acquired property, plant and equipment, with the remaining commitments of $10,014 and $6,358, respectively.

(2) As of December 31, 2022, and 2021, the subsidiary, Coremax (BVI) Corporation, had applied for a borrowing facility with an amount of USD3,000 (equivalent to $92,130 and $83,040, respectively) from a bank, in which the Company holds the responsibility as its joint guarantor.

(3) As of December 31, 2022 and 2021, Uranus Chemical applied for a financing amount from a bank, with the Company serving as the joint guarantor for the endorsement/guarantee amounting to $100,000 and $200,000, respectively.

10. Losses due to major disasters: None

11. Subsequent events: None

12. Other

A summary of employee benefits, depreciation, and amortization, by function, is as follows:

By function / By item	2022 Classified as operating cost	2022 Classified as operating expenses	2022 Total	2021 Classified as operating cost	2021 Classified as operating expenses	2021 Total
Employee benefits						
Salaries	170,713	112,823	283,536	80,335	67,092	147,427
Labor and health insurance	8,637	5,396	14,033	8,533	3,584	12,117
Pension	3,732	2,557	6,289	3,095	1,906	5,001
Remuneration of directors	-	5,265	5,265	-	3,594	3,594
Others	7,336	3,716	11,052	5,713	2,368	8,081
Depreciation	67,566	8,349	75,915	64,237	9,109	73,346

The number of employees and employee benefits for the years ended December 31, 2022 and 2021, was follows:

	2022	2021
The number of employees	201	157
The number of directors who were not holding as a position of employee	7	7
The average of employee benefits	$ 1,623	1,151
The average of Salaries	$ 1,462	983
The average of salary adjust rate	49%	33%
Supervisor's remuneration	$ -	-

The Company' s salary and remuneration policy (including directors, managers and employees) is as follows:

(1) Directors' remuneration: The remuneration of each director shall be proposed by the Salary Remuneration Committee for implementation after being approved by the Board of Directors.

(2) Salaries of employees and managers: Monthly salary will be determined with reference to the salary market conditions, job category, academic experience, professional knowledge and technology, seniority, practical experience, as well as personal performance, regardless of age, gender, race, etc.; and it will be adjusted in due course according to the Company's operating conditions, market wage dynamics, the overall economic and industrial climate changes, and the government laws and regulations.

(3) Year-end bonus for employees and managers is allocated according to the Company's operating conditions, with reference to each employee's performance appraisal results.

(4) Remuneration for employees and managers is based on the Company's employee remuneration distribution policy, with reference to the achievement of personal goals, job contribution and overall performance of the individual.

The remuneration policies of the above-mentioned general manager, deputy general managers and equivalent position manager, in addition to the company's business strategy, profit results, performance and job contribution etc. factors, and reference to the salary market level. The Salary Remuneration Committee puts forward a proposal and implement after approved by the Board of Directors.

13. Other disclosures:

(1) Information on significant transactions:

The following is the information on the Company's significant transactions required by the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" :

(i) Loans to other parties: Please refer to Table 1.

(ii) Guarantees and endorsements for other parties: Please refer to Table 2.

(iii) Securities held as of December 31, 2022 (excluding investment in subsidiaries, associates and joint ventures): None.

(iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT$300 million or 20% of the capital stock: None.

(v) Acquisition of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock: None.

(vi) Disposal of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock: None.

(vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NT$100 million or 20% of the capital stock: Please refer to Table 3.

(viii) Receivables from related parties with amounts exceeding the lower of NT$100 million or 20% of the capital stock: None.

(ix) Trading in derivative instruments: Note 6(2).

(2) Information on investees: Please refer to Table 4.

(3) Information on investment in mainland China:

(i) The names of investees in Mainland China, the main businesses and products, and other information: Please refer to Table 5(1).

(ii) Limitation on investment in Mainland China: Please refer to Table 5(2).

(iii) Significant transactions:

The significant inter-company transactions with the subsidiaries in Mainland China, which were eliminated in the preparation of parent-company-only financial statements, are disclosed in "Information on significant transactions".

(4) Major shareholders:

Unit: Share

Shareholding / Shareholder's Name	Shares	Percentage
CHANG XING INVESTMENT CO., LTD	13,691,032	12.79 %
CHEH JADE ENTERPRISE CO., LTD	13,233,929	12.36 %

Note 1: The information on major shareholders, which is provided by the Taiwan Depository &Clearing Corporation, summarized the shareholders who held over 5% of the total nonphysical ordinary shares and preference shares (including treasury shares) on the last business date of each quarter. The actual registered non-physical shares may be different from the capital shares disclosed in the consolidated financial statements due to the use of different calculation basis.

Note 2: In the case of the above information, if a shareholder delivers shares to the trust, the shares will be individually disclosed by the trustee who opened the trust account. As for shareholders' declarations of insider's equity holdings exceeding 10% in accordance with the Securities and Exchange Act, their shareholding include their own shareholding, plus the shares delivered to the trust, and the right to use the trust property. For further information on relevant insider shares, please refer to the Public Information Observatory.

14. Segment information

Please refer to consolidated financial statements for the year ended December 31, 2022.

Coremax Corporation
Loans to other parties
For the year ended December 31, 2022

Table 1

(Amounts in Thousands)

Number	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other parties during the period	Ending balance	Actual usage amount during the period	Range of interest rates during the period	Purposes of fund financing for the borrower (Note 5)	Transaction amount for business between two parties	Reasons for short-term financing	Allowance for bad deb	Collateral		Individual funding loan limits (Note 3)	Maximum limit of fund financing (Note 2)
													Item	Value		
1	Coremax Corporation	Coremax Ningbo Chemical Co., Ltd.	Other receivables	Yes	25,772	24,568	-	4%	2	-	Operating demand	-	None	-	130,993	196,490
1	COREMAX (BVI) CORPORATION	Coremax (Thailand) Co., Ltd.	Other receivables	Yes	77,225	76,775	16,891	4%~5.5%	2	-	Operating demand	-	None	-	130,993	196,490
1	COREMAX (BVI) CORPORATION	Coremax (Zhangzhou) Chemical co., Ltd.	Other receivables	Yes	32,215	30,710	-	4%	2	-	Operating demand	-	None	-	130,993	196,490
2	Coremax Ningbo Chemical Co., Ltd.	Coremax (Zhangzhou) Chemical co., Ltd.	Other receivables	Yes	18,024	17,632	-	4%	2	-	Operating demand	-	None	-	34,694	52,041
3	Jiangxi Tianjiang Materials Co., Ltd.	Coremax (Zhangzhou) Chemical co., Ltd.	Other receivables	Yes	11,265	11,020	11,020	4%	2	-	Operating demand	-	None	-	12,905 (Note 4)	16,131 (Note 4)
4	Coremax (Zhangzhou) Chemical co., Ltd.	Coremax Ningbo Chemical Co., Ltd.	Other receivables	Yes	18,024	17,632	-	4%	2	-	Operating demand	-	None	-	57,657	86,486

Note 1: The number denote the following：
(1) The issue is number 0.
(2) Interest are listed in accordance with names and sequential order starting with 1.

Note 2: Limit of total financing amount shall not exceed 30% of latest financial statements of the lender's capital.

Note 3: Limit of financing amount for individual counter-party shall not exceed 20% of the latest financial statements of the lender's capital.

Note 4: Limit of total financing amount shall not exceed 100% of latest financial statements of the lender's capital. Limit of financing amount for individual counter-party shall not exceed 80% of the latest financial statements of the lender's capital.

Note 5: (1) Parties which have business relationship with the Company
(2) The need for short-term financing.

Coremax Corporation

Guarantees and endorsements for other parties

For the year ended December 31, 2022

Table 2 (Amounts in Thousands)

No.	Name of guarantor	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise (Note 4)	Highest balance of guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Property pledged for guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements (Note 3)	Parent company endorsements/ guarantees to third parties on behalf of subsidiary	Subsidiary endorsements/ guarantees to third parties on behalf of parent company	Endorsements / guarantees to third parties on behalf of companies in Mainland China
		Name	Relationship with the Company (Note 2)										
0	The Company	Coremax (BVI) Corporation	2	999,659	96,645	92,130	-	-	1.84 %	2,499,148	Y	N	N
0	The Company	Uranus Chemicals	2	999,659	200,000	100,000	-	-	2.00 %	2,499,148	Y	N	N

Note 1: The numbers denote the following:
(1) The issuer is number 0.
(2) Investees are listed in accordance with names and in sequential order starting with 1.

Note 2: The relation between guarantor and guarantee and their endorsement should be disclosed as one of the following:
(1) An entity that is with business relationship.
(2) Subsidiary which owned more than 50 percent by the guarantor.
(3) An investee owned more than 50 percent in total by both the guarantor and its subsidiary.
(4) An investee owned more than 90 percent by the guarantor or its subsidiary.
(5) Fulfillment of contractual obligations by providing mutual endorsements and guarantor for peer or joint builders in order to undertake a construction project.
(6) An entity that is guaranteed and endorsed by all capital contributing shareholders in proportion to their shareholding percentages.
(7) The companies in the same industry provide among themselves joint and several securities for a performance guarantee of a sales contract for per-construction homes pursuant to the Consumer Protection Act for each other.

Note 3: The total amount for guarantees and endorsements provided by the Company to other entities shall not exceed 50% of latest financial statements of the Company's net worth audited.

Note 4: The total amount for guarantees and endorsements provided by the Company to any individual entity shall not exceed 20% of latest financial statements of the Company's net worth audited.

Coremax Corporation

Related-party transactions for purchases and sales with amounts exceeding the lower of NT$100 million or 20% of the capital stock

For the year ended December 31, 2022

Table 3 (Amounts in Thousands)

Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase/ Sale	Amount	Percentage of Total Purchases/Sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total Notes/Accounts Receivable (Payable)	
The Company	Coremax Ningbo Chemical Co., Ltd.	100% owned subsidiary of the parent company	Sales	(122,783)	(1.61) %	Net 150 days after delivery	-	Not significantly different	61,997	14.21 %	
The Company	Uranus Chemicals	63.94% owned subsidiary of the parent company	Purchases	155,959	2.43 %	Net 67 days from the end of the month of when invoice is issued	-	Not significantly different	(43,763)	(50.09)%	
The Company	Coremax (Zhangzhou) Chemical Co., Ltd.	100% owned subsidiary of the parent company	Sales	(203,575)	(2.67) %	Net 180 days after delivery	-	Not significantly different	41,186	9.44 %	

Coremax Corporation

Information on Investees (Excluding Information on Investees in Mainland China)

For the year ended December 31, 2022

Table 4 (Shares in Thousands /Amount in Thousands)

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2022			Net income (losses) of investee	Share of profits/losses of investee	Note
				December 31, 2022	December 31, 2021	Shares (thousands)	Percentage of ownership	Carrying value			
The Company	Coremax (BVI) Corporation	British Virgin Islands	Investment company	302,406	302,406	9,658	100 %	654,965	54,994	54,994	
The Company	Hengi Chemical Co., Ltd.	Taiwan	Manufacturing and sales of chemical fertilizers, chemical raw materials, organic fertilizer and fertilizers with organic matter. Import and export of related business. Recycling and reproduce of solvent and pollutants.	1,143,369	1,143,369	41,058	82.44 %	1,527,591	109,548	90,104	
The Company	Uranus Chemicals Co., Ltd.	Taiwan	Manufacturing and sales of oxalic acid, organic and inorganic acid, rare earth compounds and related products	824,736	710,758	39,804	63.94 %	1,065,061	(46,964)	16,334	
Coremax (BVI) Corporation	Coremax (Thailand) Co., Ltd.	Thailand	Manufacturing and processing of pure terephthalic acid oxidation catalyst, sodium carbonate solutions, wastewater treatment solutions, exhaust gas absorbent and cobalt compound series products.	67,047	67,047	70	100 %	80,905	14,440	14,440	

Coremax Corporation
Information on Investment in Mainland China
For the year ended December 31, 2022

Table 5 (Amounts in Thousands)

(1) The names of investees in Mainland China, the main businesses and products, and other information

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2021	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2022	Net income (losses) of the investee	Percentage of ownership	Investment income (losses) (Notes 4, 5)	Book value	Accumulated remittance of earnings in current period
					Outflow	Inflow						
Coremax Zhuhai Chemical Co., Ltd.	Production and sales of oxidation catalysts, sodium carbonate solutions, wastewater treatment solutions, exhaust gas absorbents and cobalt compound series products.	38,775 (USD1,150)	Investment in companies in Mainland China through investment companies in the third regions.	38,775 (USD1,150)	-	-	38,775 (USD1,150)	- (Note 3)	-	- (-)	- (Note 3)	-
Coremax Ningbo Chemical Co., Ltd.	Manufacturing and processing of pure terephthalic acid oxidation catalyst, sodium carbonate solutions, wastewater treatment solutions, exhaust gas absorbent and cobalt compound series products.	98,482 (USD3,000)	Investment in companies in Mainland China through investment companies in the third regions. (note 1)	81,240 (USD2,470)	-	-	81,240 (USD2,470)	(262)	100.00%	(262) (USD(9))	173,469	-
Coremax (Zhangzhou) Chemical Co., Ltd.	Manufacturing, processing and wholesale of pure terephthalic acid oxidation catalyst, sodium carbonate solutions, wastewater treatment solutions, waste gas absorbent and cobalt compound series products, and regeneration treatment of abort oxidation catalyst.	185,654 (USD6,280)	Investment in companies in Mainland China through investment companies in the third regions. (note 2)	148,795 (USD4,988)	-	-	148,795 (USD4,988)	38,177	100.00%	38,177 (USD1,281)	288,287	-
Jiangxi Tianjiang Materials Co., Ltd.	Manufacturing and sales of oxalic acid、organic and inorganic acid、rare earth compounds and related products	43,947 (USD1,350)	Uranus Chemical invest companies in Mainland China	43,947 (USD1,350)	-	-	43,947 (USD1,350)	(407)	100.00%	(407)	16,131	-

(2) Limitation on investment in Mainland China

Cumulated Investment in Mainland China as of December 31, 2022	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment (Note 4)
312,757 (USD 9,958)	438,769 (USD 14,288)	2,998,978

Note 1: The paid-up capital amount is NTD 98,482 (USD 3,000 thousand), which included the cash remitted by the Company through its subsidiary, Coremax (BVI) Corporation amounting to NTD 81,240 (USD 2,470 thousand) and surplus from Coremax (BVI) Corporation amounting to NTD 17,242 (USD 530 thousand).

Note 2: The paid up capital amount is NTD 185,654 (USD 6,280 thousand), which included the cash remitted by the Company through its subsidiary, Coremax (BVI) Corporation, amounting to NTD 124,097 (USD 4,200 thousand), surplus from Coremax (BVI) Corporation amounting to NTD 6,055 (USD 200 thousand), Coremax (BVI) Corporation acquired of shares from other external shareholders amounting to NTD 24,698 (USD 788 thousand) in obtaining paid up capital of NTD 21,890 (USD 750 thousand), cash remitted by Coremax Zhuhai Chemical Co., Ltd. is amounting to NTD 20,720 (USD 700 thousand), and cash remitted by Coremax Ningbo Chemical Co., Ltd. Is amounting to NTD 12,892 (USD 430 thousand).

Note 3: Coremax Zhuhai Chemical Co., Ltd., an indirectly invested subsidiary by the Company, has been sold to the third party in July,2021. In September 2021, the Company obtained the approval of the Investment Commission, MOEA to transfer the stocks. However, the transfer amount is repatriated to the subsidiary COREMAX (BVI) CORPORATION, instead of the Company. The Company’s cumulative investment of NTD 38,775(USD 1,150 thousand) still needs to be included in the cumulative amount of investments from Taiwan to China according to the regulations of the Investment Commission, MOEA.

Note 4: Amount was recognized based on the audited financial statement.

Note 5: The Company investment in Mainland China pursuant to "Principle of investment or Technical Cooperation in Mainland China" is not exceeding the investment amount or percentage limit.

Coremax Corporation

Statement of cash and cash equivalents

December 31, 2022

(In Thousands of New Taiwan Dollars;
Foreign currencies: U.S. Dollars, Canadian Dollars,
Euro and Chinese Yuan)

Item	Description	Amount
Cash	Petty cash	$ 35
Deposits	Checking deposits	835
	Demand deposits	519,913
	Foreign currency deposits (USD: 40,241,349.85)	1,272,766
	(CAD: 163,885.75)	
	(EUR: 1,013,776.83)	
	(RMB: 15,474.98)	
		1,793,514
	Foreign currency deposits (USD: 6,500,000.00)	199,615
	Total	**$ 1,993,164**

Note: Foreign exchange rates on the balance sheet date are as follows:

USD exchange rates：30.71

CAD exchange rates：22.67

EUR exchange rates：32.72

RMB exchange rates：4.408

Coremax Corporation

Statement of accounts receivable

December 31, 2022

(In thousands of New Taiwan Dollars)

Client Name	Amount
CP	$ 66,372
CE	34,762
CD	31,814
CZ	25,520
CK	20,743
CAB	15,449
CAE	15,383
Others (The amount of individual client included in others does not exceed 5% of the account balance.)	95,843
Notes and accounts receivables, net	**$ 305,886**

Note 1: The accounts receivables are resulting from the operating activities.

Note 2: Receivables from related parties are not included. Please refer to note 7 for further details.

Coremax Corporation

Statement of inventories

December 31, 2022

(In thousands of New Taiwan Dollars)

	Amount		
Item	**Cost**	**NRV**	**Note**
Commodities	$ 350	428	Note: Please refer to note 4(7) for further explanation of the net realizable value of inventories in the parent-company-only financial statements.
Finished goods	387,544	405,863	
Work-in progress	402,634	451,619	
Raw materials	906,089	1,041,177	
Total	**$ 1,696,617**	**1,899,087**	

Statement of other current assets

Please refer to note 6(7) for further explanation of the other current assets in the parent-company-only financial statements.

Statement of other financial assets－current

Please refer to note 6(8) for further explanation of the other financial assets－current in the parent-company-only financial statements.

Coremax Corporation

Statement of changes in investments accounted for using the equity method

For the year ended December 31, 2022

(In Thousands of New Taiwan Dollars and Shares)

	Balance January 1, 2021		Addition								Balance December 31, 2021			Market Value Or Net Assets Value	
Investees	Shares	Amount	Shares	Amount	Investment Income /Loss	Cash dividends	Cumulative translation adjustment	Remeasurements of the net defined benefit of subsidiaries	Others (Note 2)	Increase in unearned-related unearned related-parties' transactions profits	Shares	Amount	%	Unit Price	Total Amount
Investments accounted for using the equity method：															
COREMAX(BVI) CORPORATION	9,658	$ 578,006	-	-	54,994	-	21,965	-	-	-	9,658	654,965	100.00%	-	654,965
Hengi Chemical Co., Ltd.	41,058	1,511,974	-	-	90,104	(69,798)	-	1,704	(6,393)	-	41,058	1,527,591	82.44%	-	1,527,591
Uranus Chemicals Co., Ltd.	36,239	864,886	3,565	113,977	16,334	(18,121)	(58)	294	87,749	-	39,804	1,065,061	63.94%	-	1,065,061
		2,954,866	3,565	113,977	161,432	(87,919)	21,907	1,998	81,356	-		3,247,617			3,247,617
Less: unearned-related transaction profits		(11,540)	-	-	-	-	-	-	-	11,540		-			-
		$ 2,943,326	3,565	113,977	161,432	(87,919)	21,907	1,998	81,356	11,540		3,247,617			3,247,617

Note 1: Please refer to note 6(14) for further explanation of the equity investments were provided as guarantee or pledge.

Note 2: Including the Company did not subscribe to proportionately, share of subsidiary's fair value through other comprehensive income, adjustment of capital surplus for company's dividends received by subsidiaries, and transfer treasury shares to employees and disposal of company's share by subsidiaries recognized as treasury shares transactions .

Coremax Corporation

Statement of changes in property, plant and equipment

For the year ended December 31, 2022

Please refer to note 6(9) for further explanation of the property, plant and equipment in the parent-company-only financial statements.

Statement of changes in accumulated depreciation of property, plant and equipment

Please refer to note 6(9) for further explanation of the accumulated depreciation of property, plant and equipment in the parent-company-only financial statements.

Statement of changes in right-of-use assets

Please refer to note 6(10) for further explanation of the right-of-use assets in the parent-company-only financial statements.

Statement of changes in accumulated depreciation of right-of-use assets

Please refer to note 6(10) for further explanation of the accumulated depreciation of right-of-use assets in the parent-company-only financial statements.

Coremax Corporation

Statement of deferred tax assets

December 31, 2022

Please refer to note 6(17) for further explanation of the deferred assets in the parent-company-only financial statements.

Statements of other non-current assets

Please refer to note 6(7) for further explanation of the other non-current assets in the parent-company-only financial statements.

Statements of other financial assets－non-current

Please refer to note 6(8) for further explanation of the other financial assets－non-current in the parent-company-only financial statements.

Coremax Corporation

Statement of short-term borrowings

December 31, 2022

(In thousands of New Taiwan Dollars)

Type	Description	Balance, End of Year	Contract Period	Range of Interest Rates (%)	Unused Credit Facility	Collateral
Secured and purchase bank loans	Mega Bank	$ 992,855	2022.10~2023.03	1.70%~5.50%	849,745	Land and buildings
Secured and purchase bank loans	Chang Hwa Bank	100,000	2022.12~2023.06	1.83%	500,000	None
Secured and purchase bank loans	Hua Nan Bank	100,000	2022.12~2023.06	2.02%	1,400,000	None
Secured and purchase bank loans	Hua Nan Bank	100,000	2022.12~2023.03	1.77%	700,000	Land and buildings
Secured and purchase bank loans	Cathay United Bank	100,000	2022.11~2023.02	1.49%	300,000	None
Secured and purchase bank loans	Fubon Bank	200,000	2022.09~2023.04	1.68%~1.86%	200,000	None
Secured and purchase bank loans	Shin Kong Bank	100,000	2022.11~2023.02	1.84%	200,000	None
Secured and purchase bank loans	Land Bank	-	2022.12~2024.01		400,000	None
		$ 1,692,855			**$ 4,549,745**	

Coremax Corporation
Statements of long-term borrowings
December 31, 2022

Please refer to note 6(12) for further explanation of the long-term borrowings in the parent-company-only financial statements.

Statements of accounts payables
December 31, 2022
(In thousands of New Taiwan Dollars)

Vendor Name	Amount
VCI	$ 5,821
VU	5,774
VCC	3,767
VCK	2,441
VCL	2,374
VCM	2,352
Others (The amount of individual vendor in others does not exceed 5% of the account balance.)	10,709
Total	**$ 33,238**

Note 1: The accounts payable are resulting from the operating activities.

Note 2: Accounts payable to related parties are not included. Please refer to note 7 for further details.

Coremax Corporation

Statement of other current liabilities

December 31, 2022

(In thousands of New Taiwan Dollars)

Item	Amount
Temporary receipts	$ 125,877
Environment examination and inspection fees	89,827
Import input VAT	29,302
Others (The amount of each item in others does not exceed 5% of the account balance.)	54,147
Total	**$ 299,153**

Statement of deferred tax liabilities

Please refer to note 6(17) for further explanation of the deferred tax liabilities in the parent-company-only financial statements.

Coremax Corporation

Statement of lease liabilities

December 31, 2022

Please refer to note 6(15) for further explanation of the lease liabilities in the parent-company-only financial statements.

Statement of operating revenue

For the year ended December 31, 2022

Please refer to note 6(20) for revenue from contracts with customers in the parent-company-only financial statements.

Coremax Corporation

Statement of operating costs

For the year ended December 31, 2022

(In thousands of New Taiwan Dollars)

Item	Amount
Raw materials used:	
Balance, beginning of year	1,013,073
Plus: Raw materials purchased	6,458,351
Less: Raw materials sold	1,517,795
Less: Raw materials used by other department	9
Less: Raw materials, end of year	1,035,910
Raw materials used for the year	4,917,710
Materials used:	
Balance, beginning of year	5,814
Plus: Materials purchased	73,202
Less: Materials used by other department	28,960
Less: Materials sold	2,166
Less: Materials, end of year	4,782
Materials used for the year	43,108
Direct labor cost	83,017
Manufacturing expenses	484,046
Manufacturing cost	5,527,881
Plus: Work-in progress, beginning of year	448,689
Transferred from goods	761
Less: Work-in-progress sold	2,366
Less: Work-in-progress, end of year	464,820
Cost of finished goods	5,510,145
Plus: Finished goods, beginning of year	83,288
Less: Finished goods used by other department	9
Finished goods, end of year	430,307
Cost of goods sold for finished goods	5,163,117
Cost of sales	5,163,117
Goods, beginning of year	75
Plus: Inventory purchased	6,213
Less: Transferred to finished goods	761
Less: Inventory, end of year	351
Cost of goods sold for inventory	5,168,293
Inventory devaluation loss	216,235
Revenue from sale of scrap	(332)
Other (Note)	1,646,624
Total	$ **7,030,820**

Note： Consist of cost of raw materials sold, cost of materials sold, cost of work-in-progress, and others.

Coremax Corporation

Statements of manufacturing expenses

For the year ended December 31, 2022

(In thousands of New Taiwan Dollars)

Item	Amount
Original equipment manufacturer expense	$ 151,370
Payroll expense	107,906
Depreciation	67,566
Repair and maintenance	33,042
Utilities expense	31,720
Packaging expense	29,203
Others (The amount of each item in others does not exceed 5% of the account balance.)	63,239
Total	**$ 484,046**

Statement of selling expenses

Item	Amount
Import and export expense	$ 62,769
Payroll expense	17,243
Others (The amount of each item in others does not exceed 5% of the account balance.)	13,213
Total	**$ 93,225**

Coremax Corporation

Statement of administrative expenses

For the year ended December 31, 2022

(In thousands of New Taiwan Dollars)

Item	Amount
Payroll expense	$ 81,716
Professional service fees	9,577
Depreciation expense	7,866
Others (The amount of each item in others does not exceed 5% of the account balance.)	53,632
Total	**$ 152,791**

Statement of research and development expenses

Item	Amount
Payroll expense	$ 13,863
Others (The amount of each item in others does not exceed 5% of the account balance.)	3,125
Total	**$ 16,988**

Coremax Corporation

Statement of other gains and losses, net

For the year ended December 31, 2022

(Expressed in thousands of New Taiwan Dollars)

Please refer to note 6(22) for further explanation of the net other gains and losses in the parent-company-only financial statements.

Statement of finance costs

Please refer to note 6(22) for further explanation of the finance cost in the parent-company-only financial statements.

Summary statement of current period employee benefits, depreciation, depletion and amortization expenses by function

Please refer to note 12 for further explanation of the current-period employee benefits and depreciation expense in the parent-company-only financial statement.